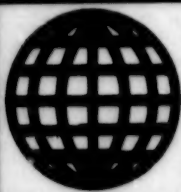


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24 JULY 1990



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JPRS Report

Soviet Union

Economic Affairs

Soviet Union Economic Affairs

JPRS-UEA-90-022

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Number of Concerns, Other 'Associations' Reported

90P50043A Moscow *EKONOMIKA I ZHIZN* in Russian No 28, Jul 90 p 12

[Unattributed response to a question from a reader in Khabarovsk]

[Text] *How many concerns and other types of enterprise associations have been created in our country? (G. Stukalev, Khabarovsk)*

An active process of forming economic complexes based on the formation of voluntary associations of enterprises—concerns, associations [assotsiatsii], and consortiums [konsortsiумы]—is underway in the national economy. They have a high degree of economic independence and sufficient resource potential to enable them to resolve for themselves a broad range of tasks related to economic management. According to USSR Goskomstat [State Committee for Statistics] data, at the present time 24 concerns, 17 intersectoral state associations (MGO), 346 associations [assotsiatsii], and 40 consortiums have been registered, and all together in the national economy almost 600 similar associations [obyedineniya] have been formed.

Finance Ministry Reorganization Detailed

Structural Changes

90A0455A Moscow *FINANSY SSSR* in Russian No 5, May 90 pp 75-77

[Article under "Information" rubric: "New Structure of the USSR Ministry of Finance"]

[Text] The realization of measures to deepen the economic reform requires a comprehensive restructuring of financial and budgetary planning and regulation on the basis of the expansion of the independence of enterprises and regions in the earning of the means for their own economic and social development, the transition to tax methods of financial interrelations in the national economy and the establishment of an actively functioning securities market. A most important role in the realization of this work as well as in the normalization of the economy, strengthening of the money circulation and formation and development of commodity-money relations belongs to the USSR Ministry of Finance and its local agencies.

The USSR Council of Ministers has made a decision on the organizational structure of the USSR Ministry of Finance for the purpose of concentrating the actions of the central staff in the realization of top-priority financial reforms in the country and of giving the financial staff new functions in accordance with the requirements of radical economic reform. In so doing, it is necessary to

proceed from the necessity of overcoming a narrow branch orientation in the work of the structural subdivisions and the assignment to them basically of functions in the management of economic processes in the national economy.

It should be noted that the structure of the central staff of the USSR Ministry of Finance approved by the USSR Council of Ministers was developed in the course of the elaboration of a general strategy for financial reforms of a priority nature and in the long term. As you know, their structural basis is the reorientation of finances toward cost accounting, self-earning and self-financing, the rebase of distributive relations in economic and financially advantageous directions and the urgent activation of the entire sphere of the financial market. The turning of practice to these directions is certainly a difficult and labor-intensive matter that is new in many ways. And one of the urgent and priority tasks is that of organically adapting the financial system to new functions, forms and methods of work. And this required its fundamental organizational restructuring, above all of the entire structure of the USSR Ministry of Finance.

The sense of the new structure of the central staff of the USSR Ministry of Finance is that there is a substantial change in the content of the work.

The course of the development of the radical economic reform indicates that the current plan with its remaining address-directive content is becoming a thing of the past. This fundamentally changes the place of the financial-credit mechanism in the management of economic processes in the society and brings about a qualitative transformation of the content of planning-financial and budgetary work: instead of a passive reflection of the plan, it attains the characteristics of one of the main instruments in economic policy. In this connection, the structural subdivisions of the USSR Ministry of Finance have been given administrative functions to a greater extent than before and in their structure there has been an increase in the role of the consolidated economic main administrations and administrations of individual sectors of financial work.

The greater and greater utilization of the potential of socialist commodity-money relations and the transition to a market for the means of production and a financial market create the preconditions for the implementation of branch and regional cost accounting and a system of economic stimulation. This, in turn, will form an economic base for the realization of a tax reform and the transition to unified taxation. Tax work is beginning to occupy a key position in the financial provision of the centralized social and economic needs of the country. In this connection, the USSR Ministry of Finance has established a Main State Tax Inspectorate. The subdivisions for branch financing have been transformed accordingly.

The development of joint-stock, cooperative, lease and other forms of commodity-money relations inevitably leads to the formation of a financial market (a securities

market). In this way, a qualitatively new element is appearing in the monetary turnover and it is becoming possible to manage the monetary turnover through the financial system. A corresponding Main Administration has been established in the USSR Ministry of Finance to realize this possibility.

Other changes have also been provided for in the structure of the USSR Ministry of Finance. In particular, the Control and Auditing Administration has been reorganized into a Main Control and Auditing Administration and a department for the control of foreign exchange is being established in it.

Considering that the transition to a new organizational structure will require a certain amount of time and careful preparation, especially with respect to staffing, it is being realized gradually as the individual subdivisions become ready to work in a new way.

Structure of the Central Staff of the USSR Ministry of Finance

Main Budget Administration. Main Territorial Finances and Subsidies Administration. Main Administration for the Improvement of the Finance and Credit Mechanism. Main Administration for Monetary Turnover, Credit and Securities. Main State Tax Inspectorate. Main Currency and Economic Administration. Main Control and Auditing Administration. Administration for Finances, Financial Norms and Standards for Branches of Physical Production and Science. Administration for Finances, Financial Norms and Standards for Industry. Administration for Finances, Financial Norms and Standards for the Nonproduction Sphere. Administration for Financial Investments in Construction. Administration for the Financing of the Administrative Staff and Agencies. Methodology and Organization of Accounting Administration. Affairs Administration. Administration for Personnel and Training Institutes of the Financial System. Capital Construction and Economic Organizations Administration.

It has been stipulated that the Main Administration for the Improvement of the Finance and Credit Mechanism and the Main Currency and Economic Administration of the ministry are headed by deputies of the minister.

New Appointments

904A0455B Moscow *FINANSY SSSR* in Russian No 5, May 90 pp 77-78

[Article: "New Appointments in the USSR Ministry of Finance"]

[Text] The USSR Council of Ministers has appointed:

Orlov, V.Ye.—first deputy minister of finance of the USSR. Comrade Orlov, born in 1936 and a member of the CPSU, graduated from the Moscow Finance Institute. After graduation from the institute, he worked in financial agencies and in the central staff of the USSR Ministry of Finance since 1965. He worked in leading

positions for more than 20 years, including as chief of the Heavy Industry Financing Administration, as head of the State Income Administration and as a member of the ministry collegium. He became deputy minister of finance of the USSR in 1986.

Rayevskiy, V.A.—deputy minister of finance of the USSR. Comrade Rayevskiy, born in 1938 and a member of the CPSU, graduated from Moscow State Economic Institute and is a candidate of economic sciences. After graduation from the institute, he worked as an economist in the RSFSR Ministry of Finance. He began work in the USSR Ministry of Finance in 1962, for more than 25 years in leading positions, including as head of the Light and Food Industry Financing Administration and as chief of the Heavy Industry Financing Administration (beginning in 1988—Department for the Financing of the Fuel and Energy Complex and Metallurgy). In 1989, he became deputy minister and chief of the Finances and Monetary Circulation Department.

Sitnin, V.V.—deputy minister of finance of the USSR and chief of the Main Currency and Economic Administration. Comrade Sitnin, born in 1936 and a member of the CPSU, graduated from Moscow Finance Institute and is a candidate of economic sciences. After graduation from the institute, he worked as an economist in the RSFSR Ministry of Finance and then did scientific work in the Economics Institute and the Economics of the World Socialist System Institute under the USSR Academy of Sciences, beginning in 1978 as a consultant and then as chief of the sector for economics of foreign ties of the Economic Section of the CPSU. In 1986, he became chief of the department for cooperation with socialist countries of the State Foreign Economic Commission of the USSR Council of Ministers. In 1988, he became deputy minister of finance of the USSR and chief of the Currency and Economic Department.

The USSR Ministry of Finance appointed:

Brezhenko, A.V.—chief of the Financial Investments in Construction Administration. Comrade Brezhenko, born in 1929 and a member of the CPSU, graduated from Kiev Finance and Economic Institute and is a candidate of economic sciences. Beginning in 1956, he worked in leading positions in finance and credit agencies, as head of a department in the Ukrainian republic office of USSR Stroybank and as director of the Administration for the Financing of Construction and Drafting Bodies of the Ukrainian SSR Ministry of Finance. In 1972, he was appointed chief of the Construction Financing Administration of the USSR Ministry of Finance and in 1985 he was confirmed as a member of the ministry collegium. In 1988, he became director of the Department for the Financing of the Construction Complex of the USSR Ministry of Finance.

Danilevskiy, Yu.A.—chief of the Main Control and Auditing Administration. Comrade Danilevskiy, born in 1936 and a member of the CPSU, graduated from Rostov Finance and Economic Institute and the

Academy of the National Economy under the USSR Council of Ministers. He worked in the financial agencies of Rostov and Arkhangelsk oblasts. In 1978, from his position as chief controller-auditor of the Control and Auditing Administration of the RSFSR Ministry of Finance for Rostov Oblast, he was appointed deputy chief of the Control and Auditing Administration of the USSR Ministry of Finance. In 1984, he was named head of the Financing of Light Industry and Services Sphere Administration and in 1986 chief of the Control and Auditing Administration. In 1988, he was confirmed as a member of the ministry collegium.

Budyanu, A.L.—chief of the Main Administration for Territorial Finances and Subsidies. Comrade Budyanu, born in 1935 and a member of the CPSU, graduated from Kishinev State University and is a candidate of economic sciences. After graduation from the university, he worked in the Moldavian republic office of USSR Gosbank and later he was in pedagogical work at the Kishinev State University, polytechnical institute and interbranch institute for improving the qualifications of specialists of the national economy under the Moldavian SSR Gosplan. In 1979, he was appointed first deputy and in 1986 minister of finances of the Moldavian SSR. He was confirmed as a member of the collegium of the USSR Ministry of Finance.

Vechkanov, V.L.—chief of the Administration for the Financing of the Staff of Administration and Administrative Agencies. Comrade Vechkanov, born in 1947 and a member of the CPSU, graduated from the Moscow Finance Institute and Academy of the National Economy under the USSR Council of Ministers. He worked in financial agencies in Moscow. Beginning in 1968, he worked in the central staff of the USSR Ministry of Finance. In 1985, he became deputy administration chief. In 1988, he became deputy and in 1989 chief of the Department for the Financing of Administrative Agencies.

Panteleyev, N.V.—chief of the Methodology and Organization of Accounting Administration. Comrade Panteleyev, born in 1932 and a member of the CPSU, graduated from the Leningrad Finance and Economic Institute. After graduation from the institute, he performed teaching and accounting work in branches of the national economy. In the years 1969-1978, he was deputy chief of the Accounting and Reporting Administration of the USSR Ministry of the Electrical Equipment Industry and chief of the finance directorate of the USSR Ministry of Machine Building for Light and Food Industry and Household Appliances. Beginning in 1978, he worked in the USSR Ministry of Finance, first as deputy chief of the Accounting and Reporting Administration and, beginning in 1987, as chief of this administration. In February 1988, he was named chief of the Accounting and Reporting Department.

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Reform Process, Future Options Assessed

904A0329A Tallinn SOVETSKAYA ESTONIYA
in Russian 14 Apr 90 p 2

[Interview with Mikhail Lazarevich Bronshteyn, member of the academy, and Vasilii Illarionovich Selyunin, journalist, by Eteri Kekelidze, SOVETSKAYA ESTONIYA correspondent: "With a New Slate"; date and place not given]

[Text]

Selyunin: M.S. Gorbachev said in his speech in the Presidential Council that a decree must be adopted on the transition to a market economy. The reference is obviously to the months immediately ahead?

Bronshteyn: That is also the way I understood it, to the effect that Mikhail Sergeyevich has decided to begin radicalization of the economic reform. Especially since he has brought Stanislav Shatalin into the Council, someone who has also come forth with a definite program. Shatalin's idea is the same—that we are late, that we are losing steam.

Selyunin: The principal economists of the reform are lining up behind that position. The theory of Aganbeyan, member of the academy, about acceleration and perestroika has failed, and could not but have failed—at that time, it was not acceleration that was needed, but structural revamping should have been carried out.

Bronshteyn: A slowing down....

Selyunin: Exactly. Leonid Ivanovich Abalkin has come to that conclusion. But what after all did he want? To postpone all the reforms until 1993, and in the meantime try to take control of the situation within the framework of the command system by using the plan. So what then became of that? The government asked for 18 months, 6 months have already passed, the situation has deteriorated rapidly. Another failure. If we are to call things by their right names, then this is a failure of Abalkin, Ryzhkov, and Gorbachev. So now Shatalin comes along with a radical program that is based on the privatization of property, but is there time left, that is the trouble.

Now a whole team of 60 people are writing documents which are to be ready by mid-April—in his speech, Gorbachev mentioned a period of a few weeks, and at the same time they more or less listed what the documents would be.

Bronshteyn: Yes, the work is going forward, a very solid package of specific laws is to pass through the committee.

Selyunin: And, as I understand it, they are looking to have them adopted by summer.

Bronshteyn: That is practically impossible. Knowing the character of the committee's work, it would be good by that time to have a conceptual package that would contain the entire conception, and then the specific laws

could be taken from that—the joint stock company, enterprise, the banking law.... At this point, extremely unpopular measures have to be taken.

Selyunin: That is the whole point.

Bronshteyn: It is easy for us at this point to criticize Gorbachev and Ryzhkov and Abalkin. Especially Abalkin, since he holds the same positions we do. I do not see particular grounds for faulting anyone. But perhaps a mistake was made with acceleration. But the main body of economists now, in the center in any case, are economists and market supporters, "supporters of a commodity system," who have taken those positions for a long time. I read carefully everything that you write, Vasily Illarionovich, there are no disagreements between us. We see within that same Supreme Soviet the entire range of political forces in the country. And, incidentally, in the Presidential Council—both Shatalin and Yarin, and then Rasputin as well. Nor is this any accident.

Economic laws do not have a rigid connection to reality—they can be violated for a rather long time before the price has to be paid. And then what was lost has to be made up.... Take the example of Poland. If they could have done what they intended back in 1970, nothing special would have happened, prices would have risen 10-15 percent, the transition to a market mechanism for pricing would have begun. But the working class rose up, "Solidarity" came into being, there were large-scale strikes.... What was "Solidarity" demanding for the workers? Higher wages. What was "Solidarity" demanding in agriculture? Higher purchase prices. The result was a complete destruction of the economy. Only now have they opted for a market mechanism. Soon it will be having an effect—even now the rise of prices has practically stopped, the market has been filled and even overfilled, and there will be reductions. But this will occur at a time when the Mazowiecki government has very good credit in the form of confidence.

Selyunin: That is precisely what I wanted to say.

Bronshteyn: But at this point, Gorbachev does not have a great deal of credit in the form of confidence. If he had begun three years ago, then on the one hand he would have been supported by a wave of confidence and on the other the extremely unpopular measures, although they would have lowered his rating, still by this point we would already have passed the most terrible low point. But we still have not gone through it, and the credit has been squandered. It is right that this package of documents should now be in preparation, but it is a little late. There is going to be a drop in the standard of living no matter what, and it is incredibly difficult to precisely predict the entire political situation, especially in the context of a multinational country.

What was the main theme of the third congress? The Russians were accusing the other nationalities of plundering, the other nationalities were shouting that Moscow was to blame, everyone was looking for a

scapegoat, and almost no one was looking for solutions. So that is what is happening in the country, and that is the danger.

Selyunin: That is clear, which is why the Presidential Council is the way it is—strange bedfellows have to be kept together. But you and I do not think altogether alike.

Equal or Differing Profit?

Selyunin: Your point of departure is that economists have mainly more or less agreed on the market program. It seems to me that here you are looking too optimistically on things. First, just let us examine the prevailing position. Where are the limits of Abalkin's innovation? He is not against our having a commodity market, he even favors it. The line of thought which runs through all the efforts is approximately this: Let us give enterprises independence. That is, we will not dictate what people produce, and they will begin to go looking for the customer, that is, they will work to meet the need of the market. They will begin to compete with one another, and everything will be in the best shape, and ultimately, just like in the West, we will have a saturated commodity market.

We will not get anything.

I have just taken a trip abroad, and I checked out one important idea. You, Mikhail Lazarevich, are a professional economist, you have known all this for a long time, but I would like to feel my way. It turns out that it is precisely in front of the store windows of the commodity market that we are standing with our mouth open, this is still not a market economy. This is only the display window of the market model. But in actuality the models of two other markets are operating and having an effect. They are not so noticeable and do not attract so much attention, but that is precisely where the main effort is directed. This is the market for capital (the stock market, in other words) and the market for manpower. The commodity market tracks the unsatisfied demand for particular products (no matter whether they are for production purposes or personal consumption). In short, it tracks the shortage and sends a signal to the market for capital....

Bronshteyn: And also to the market for manpower.

Selyunin: That would be the next stage. I tried to examine the mechanism. The market for capital perceives those signals very distinctly, in the form of a rise or drop of the price of the industry's stock. Prices rise on the stock of those production groupings able to satisfy the unsatisfied demand.

In this way, promising production groupings receive an infusion of capital. And conversely, if the market for some commodity is oversaturated—the price of the stock drops, capital turns away from those production groupings.

So that is the regulator, that is the most important thing in the market model—the movement of capital to the promising production grouping.

The earthquake in California immediately, that very moment, raised the stock of construction companies in that region; it is clear that the state is allocating funds, and the insurance companies will be making payments, which means that there will be profitable work, good business. It seems a bit like plundering, gaining from someone else's trouble, but still all the damage is repaired in a matter of months. We are still adopting decrees—both for Chernobyl and for Armenia. The humanistic state adopts wonderful decrees, but it does not cope with the situation. But the transfusion of capital would solve the problem immediately.

Now about the market for manpower. What good is the movement of capital if it is not possible to buy manpower? Again nothing will come of it. So the conclusion is this: If you want to introduce the market model, introduce three markets: the commodity market (to which Abalkin is agreeable), the market for capital, and the market for manpower (or the labor market, I use the other term so as not to irritate anyone). And these are things that are not so very pleasant for us: the man who buys stocks is not merely buying pretty paper, he is buying a share, he becomes an owner. Which means that for the capital market to operate, there must be private property (I call any nonfiscal property private, whether it be joint stock, cooperative, or family ownership—just so it is not owned by the state). So there is a sequence of things one after the other.

These three markets, like the holy trinity, are of a single essence, either they all three operate, or none operates.

I have been following Abalkin's statements, he has been repeatedly emphasizing you do not have to be the owner in order to be the boss in production. It is mandatory!

Unless capital is liberated, if its movement is up to the state—and Abalkin, along with Pavlov, finance minister, is insisting on that—that means that again it will be transferred through the plan, the priorities set, and the funds allocated.... Nothing will come of it. Planned movement of capital simply does not work. Yet Pavlov is still carried away with the idea that we need correct prices, then we can compose the 13th FYP correctly.... But what are correct prices? When it is preordained that some will be profitable and others, even if you bust a gut, still mean losses? Correct prices mean equal profit for equal capital. But then there is no question of any kind of market, the entire operation of the stock exchange is based on differing profit for equal capital. That is the model which they want to get in operation—Abalkin and Pavlov, that group of reformers, it does not incorporate the most important thing: the liberation of capital, which would do a better job than centralized planning through priorities. If we want to make the transition to a market, then we cannot do without a stock market, just as we

cannot do without the third market. And here the reformers are not so unanimous at all.

Ideology Onto the Market!

Bronshteyn: Unfortunately, the reformers who are in the government usually look to ideological dogmas. Here is a small example—the way the law on ownership was adopted. The Council of Ministers sent us the first version, extremely ideologized. We in the economic reform committee took it all out. And then in the Congress of People's Deputies they again included in it "inalienability" and "elimination of all exploitation"—frightened by the slogan "Abalkin is reviving capitalism." The best thing the reformers intend to do is that the enterprise is transformed into a joint stock company, but the enterprise's workers become the stockholders.

Which means that if we need structural changes, then this form of joint stock becomes a drag....

The second obstacle that is hindering movement is that we do not have money, it is turning into paper for which there are no commodities. The populist demands are to take the surplus money away from the population, which incidentally will not produce anything: If we want to take away "extra" money that is hindering normal distribution of commodities, then we have to take away even money that has been honestly earned, that money which people have been putting away and accumulating their entire lives.

There is a way out—to start up the mechanism without taking anything away. Privatization. This means not only turning over shares of stock to those who work at the enterprise, but issuing some for sale on the open market. Then, if I have savings for my old age, I will see where I get the best percentage: in a savings bank or by investing them in an enterprise. I will begin to see which structure is more progressive. And if, say, the state introduces a benefit for environmentally clean enterprises or for nitrate-free production of agricultural products, then why not support that with my money? Thus, in creating a market for capital we are also solving the problem of "extra money," it is working for structural revamping.

Selyunin: It is clear that everything here is interconnected.

Bronshteyn: But in our country everything stands behind ideological blinders which we ourselves have been teaching for decades. To be specific, we are afraid that the operators in the shadow economy will buy up all the enterprises, we do not understand that they are fighting the shadow economy throughout the world. We will never triumph over ours, because the objective laws of economics in our country are making headway only through the shadow market. We would tame it if we simply legalized that money—demanding a declaration about the origin of income when the stock is purchased. That would mean including the tax system and so on. We could do it.

Selyunin: One of the biggest troubles is that there is no ruble in the sense of the sole equivalent for exchange. You cannot make measurements with a rubber ruler which can be stretched to any length you like. I have been in the Kuzbass, the miners invited me to advise them when they were negotiating with the government—I will be proud that they invited me throughout my entire life. So they were selling coal to Japan and it was a very good deal—\$75 per ton. You see, the domestic price of coal was 18 rubles. So that in this case the ruble is worth \$4.17. Look what a good ruble we have, four times as heavy as the dollar! But that is the ruble that put a value on coal. In Munich, I went to the exchange offices to see whether they would take our rubles. They did—at 6 cents per ruble. So my question is whether the ruble is worth \$4 or 6 cents? The ruble must be stable. Then even the problem of convertibility becomes purely technical—however many dollars they give for it, that is how much it is worth.

Our wholesale prices are below world prices, and when the quality of the product is guaranteed by the good lord—raw materials—we receive a good “heavy” ruble, I think somewhere around 1.5 rubles per dollar. How do you make the ruble uniform? No kind of Goskomsen is going to help here, only the market will determine what it is worth.

Which means that we need a market. And if we are to have a market, property has to be privatized. And again the entire chain of reform stretches out.

Abalkin dreams of building up the critical mass of innovations—he believes that with a certain quantity of the necessary laws, the market begins to operate. It does not! This is a strict system. If one link is missing, nothing will come of it.

The entire package of reforms is needed all at once. The Poles have proven that it is possible to do things quickly—in 6 months, the Mazowiecki government has saturated the market.

Where would we be today, if we had not lost 5 years?

Let us go back to the law on ownership. You, Mikhail Lazarevich, made a very good prediction about what would come of the shares of stock if they were not sold on the open market, but in the law there is that second part where it talks about “exploitation of man by man.”

Bronshteyn: As a matter of fact, possibilities for widely differing forms of ownership are set down in the law itself. But the rest is ideological superstructure.

Elimination of Exploitation?

Selyunin: They have been set down. But.... A market for labor means that I can sell my work power to anyone I like: I will sell it to whoever gives me the best deal, and it is my business whether that is a private operator or the state. But when the state takes into its hands all the means of production, there is no other way out for me

than to sell my work power to the state. And like any monopolist, it sets its own price on this most important commodity....

Bronshteyn: ...and exploits us more than anyone.

Selyunin: Like any monopolist. As a matter of fact, the labor market has begun to spring up in our country. Alongside the monopolist there is now a very persistent competitor who has begun to boost the price for manpower—the cooperatives. There has been a flood of people in that direction. Will the monopolist tolerate having a competitor?

If we do not cloud our minds with high-sounding words, by prohibiting wage labor the state is actually prohibiting the sale of natural property—work power—to anyone except the state itself.

Whereas in a normal economy wages represent between 60 and 80 percent (of the net product created), and work for society between 20 and 40 percent, in our country two-thirds of the time a man is working for society and only one-third for himself. The level of exploitation is higher. But note that the law speaks only about prohibiting exploitation of man by man, that is, the state is free to exploit, that is not prohibited. That is what the notation in the law signifies if we translate it into human language without any sort of rhetoric. What kind of market will we build?

Bronshteyn: Which is why we objected, but you see the balance of power—an overwhelming majority voted for that amendment.

Selyunin: Well, nothing will come of it.

Bronshteyn: I repeat, the law itself allows a great deal, but what if that qualification turns out to be the gun with which in the last act, having calmly suspended the entire spectacle on the wall, they suddenly shoot it?

Change!

Kekelidze: So, who will assume responsibility and make a beginning?

Bronshteyn: When the issue arose about the presidency and about whether the president would be elected by the entire people or not, to be honest, I thought a long time about how to vote. As a democrat, I understood that the people should elect the president and that we need to strongly restrict the powers of presidential authority, and in general I had the same doubts that the democrats have been expressing. But as an economist, I understood that we are standing at the line beyond which adoption of unpopular measures becomes a necessity. Very unpopular measures, including those that will be unpopular for ideological reasons.

So, if at this point Gorbachev went to the people with a truly realistic program, he would not be elected. They would elect any populist who offered all things to all men. But let us recall the French saying: Even the most

beautiful girl cannot give more than what she has. That is the whole point. We cannot but go through a stage of unpopular measures—unpopular both on ideological grounds and even on grounds of social welfare, so as to extricate ourselves from the pit in the end. That is why I voted for Gorbachev and have consistently supported him.

Selyunin: I could reconcile myself to Gorbachev being given such powers now. But only under one condition—if he proved capable of taking control of the situation. That is where I have big doubts.

Bronshteyn: You are right that the situation today is extremely serious. The economic situation, the political situation, and the ethnic situation.

Selyunin: Nor is that all. Now everyone is saying that Gorbachev is late—that now 5 years for the economic reforms have been lost. But how could he not be late? A politician must look at least 3 years ahead. Let us put ourselves in Gorbachev's place 3 years ago. War was still raging in Afghanistan. In the republics, even the most vehement separatists were assuring everyone that they did not have the slightest intention of breaking away from the Union, all they wanted, they said, was regional independence. The party-bureaucratic apparatus was still omnipotent. Iron discipline and democratic centralism still prevailed in the party. No one was even talking out loud about any private property. And just imagine, in that situation Gorbachev would have come forth with a program: We have to adopt a law on the mechanism for the republics to leave the Union, to drop from the Constitution the article about the leading role of the party, to inaugurate a multiplicity of forms of ownership, to pull our forces out of Afghanistan.... That is, nothing more than what is being said today—but 3 years ago he would have been simply swept away. Well, isn't it inevitable that he lagged behind when he is bound by the party? He is the leader of the party, and for that reason he will always be late. Yet a politician must still keep ahead of events.

Just see the picture that is formed in the mind of the ordinary man. Gorbachev is not accountable for the last 72 years, and it is now clear that we were going in the wrong direction. But the last 5 years are his years. And what has happened during those years? Failure of the consumer market. Plunderous eradication of the country's production potential—we have not discussed this here, but it is a very important thing. The activation of productive capital is far from covering its retirement, and these processes have speeded up during the period of the reforms.

Bronshteyn: That is the main danger.

Selyunin: No less than the disintegration of the consumer market, but in the future still greater. All attempts to hold back this process have ended by adding during last year alone another 122,000 construction projects to the 300,000 we already had, as, of course, you have read in

the article by Yegor Gaydar in *KOMMUNIST*. These are now mistakes of the new team.

Now Gorbachev is coming forth with a remarkable program for getting out of the crisis—I say this without irony, I do consider it remarkable. What he says is this—up to now we have been doing the wrong thing, now we have gotten our bearings, and here is what we propose. We must let prices go—there is no other way out, there are no miracles. That is one thing. The transition to the market means according to the most optimistic estimate some 10 million people unemployed (call it structural unemployment over the period of the restructuring of production groupings required by the market). (Some people mention the figure of even 25 million or even 30, but that is excessive.)

Bronshteyn: Plus what already exists.

Selyunin: At present, it is more geographic, and structural unemployment will be added. So, lads, let us go forward, now we are on this road, it is the right one, there is no other way out.

So—will people follow him? For 70 years, they have been leading and leading, and they led us into a blind alley, and so now again with you leading we will get ourselves out of a blind alley? And you will be capable of it? We have spent all this time getting away from the market, and now we have to pass through inflation and unemployment to get to the market. And all of that with one and the same leader?

It seems to me that they may not follow this party. It seems to me that this program has to be carried out by another force, another government, which would have the right to say: The Communists have left us the country in a mess, we have to get back on the road which world experience has tested, we propose trying to carry out another program—to do that we will have to have your confidence and your support. We still have not bottomed out, we cannot promise that no one will suffer, but we will try to soften the losses with such-and-such measures.

That is the kind of government people would still follow, and the experience of Poland proves it. Poland would be out on strike even today if it were being run by the Communists. But the Mazowiecki government has received a vote of confidence, and they have already solved the simplest problem—they have arrived at a balanced market.

We need a government of national confidence. Even in the interests of Gorbachev, I think that against any emergency we should prepare an alternative structure of government—and if we are unable to cope, then there could be a smooth takeover of power from the hands of the Communists, when it falls, but before it falls all the way into the mud—all the way to chaos and anarchy.

In some republics and regions—things are in order, there are legally elected structures of government which have

the confidence of the people. This has not happened in Russia. In Moscow, the democrats have won, in Leningrad they have won, but not in other regions. Which means that we need to seek another basis for an alternative government. The worker movement is such a base (I saw it in Vorkuta—this is a serious force, and today they have just as much power as the official structure). And the democratic movement—it exists, but so far scattered. There is something for the new government structure to rely on. We have to succeed, we do not have much time....

What Awaits Us Tomorrow?

Kekelidze: You, Mikhail Lazarevich, as a member of parliament, tell us please what we need to do now without delay?

Bronshiteyn: What I think is this: We have to undertake considerable privatization, to sell off a sizable portion of state property. First of all, part of the land occupied by orchards and gardens, some of the enterprises, especially medium-sized and small—sell them, make them joint stock companies. We need to set up a stock market, a securities market. If a man puts his money in the state savings bank, he needs to be guaranteed that he will not lose it.

Selyunin: This is approximately what Gorbachev said in his presidential address.

Bronshiteyn: This is the proposal of Shatalin, Petrakov.... I support this program—but it is important not to delay. In the economy, we have to look for realistic strategies, and in politics we need to find solutions which are not confrontational, but reduce the confrontation.

What is the lesson of the Lithuanian crisis? I feel that both sides have committed serious mistakes. The Lithuanians in that they declared independence assuming that the rest would come of itself. But even in the country as a whole there is no straightforward strategy at present.

National romanticism is still not a policy with a long-range goal.

What do we see? One thing is that there will not be a marriage out of love. But, may it be said in passing, historical experience shows that it is possible to make very good marriages of convenience. After all, this is what happened after World War II. The French hated the Germans, and vice versa. There were intelligent people, they worked out a marriage of convenience. The European Economic Community. Each state is sovereign, they all make their own decisions, they are all different and unlike. But they are all economically incorporated, and that means also politically, and the level of that incorporation is rising.

That is the direction in which the Union must also go. A common union market has to be created in which the sovereign republics will have an advantage in prices and rate schedules over those who are outside the market.

And where economic ties exist, there will also be common political structures after the pattern of the European Parliament. Then you will think it over whether you want to leave the Union entirely or remain in it. And if you also grant the Baltic republics a special status so that they can both enter the union structures and also European structures, become a bridge between East and West.... This is our chance not only to survive, but to flourish under conditions of freedom and good neighborliness. This is a policy which in my view will be looked on favorably both in the Union and in the world.

Political confrontation spoils and destroys things, while economics unifies them.

All reasonable men seem to understand this, but it is difficult in practice.

Selyunin: I have in front of me an article by Edgar Savisaar entitled "Turn to the West," I read it in your DIGEST. He discusses in which direction it is better to orient Estonia's economy—toward West or East. And he correctly writes that the general inefficiency of our model of economy forces the republics to turn to the West. Haven't we arrived late with your program?

Bronshiteyn: I think not. For technology, we, of course, have to go to the West. But to buy, we also have to sell, and we have almost nothing to sell there. It will take time to go onto the Western markets. In the same article, E. Savisaar emphasizes the need to establish ties both with the West and with the East.

Selyunin: I understand this, but there is a historical precedent. Just think about it, however dependent the socialist countries were on us, they still preserved their independence. It would seem that your model would have worked there—but CEMA, that house of cards, collapsed not only politically, but also economically. And all those factors were operative—even raw materials and the customs duties were minimal. But the model did not work, it failed.

Bronshiteyn: That is not quite the case. The most recent information is that CEMA did not fall apart. It is not we who are calling for the CEMA structure to be preserved, but Czechoslovakia, Hungary....

Selyunin: It is not enough for them to ask for it. That means that we will be supplying them petroleum below world prices, and they will be sending us products that do not meet world standards?

Bronshiteyn: Just a minute. And why are they asking for it? Their products are not competitive in the West. As a matter of fact, that is exactly what I was told by the so-called Russian "patriots": And why do we need them at all? Why will we deliver raw materials to Estonia and Latvia at internal prices? We will sell them to the West at better prices, so let us get rid of them. My answer to them was this: You had better not take that kind of position, because the autonomous entities will begin to break off from you one after the other, Siberia will leave.... Vasilii

Belov asked me: "What is the matter with you, do you want Siberia to break off from Russia?" I said—on the contrary, I want to keep it in Russia. But if you keep saying from the speaker's rostrum that Russia will get along without everyone, then centrifugal tendencies will begin within Russia.

We are all losing something and gaining something. Russia is losing—as a matter of fact, at world market prices for raw materials it could gain between 40 and 70 billion. But, while it loses, it preserves stability of its allies as well. And the republics gain, preserving the union market and at the same time arranging good relations with the Western market.

Selyunin: I do not understand your conception. Where did you get a good market from? The reality today is inefficiency and poor products. Where did the games come from? The system is inefficient throughout the entire country, but there are differences in it—in the Baltic republics, people do better work, product quality is better, and the people live a bit better. So why must an Estonian or Lithuanian wait until conditions mature for better production in other regions? It is not clear to me in your line of argument why they lose. If anyone has a chance to approach the Western market earlier, then it would be those who are ahead, those in the Baltic republics. And once they are free, once they have thrown off the load, they will make their way faster alone. The market is a cruel thing, it forces you to work better, so why do they lose?

Bronshteyn: Let us take your conception to its logical end. So, you and I favor the market. But if at this point we open the borders, without creating a union market, if we set sail on the oceanic expanse of the world market, our ship will sink at once. Because the only thing which we can sell in the West is raw materials. Everyone, including the Baltic republics. For everything else, we are buyers. Which means that our competitive industry will immediately be destroyed, and only little islands will remain. In France and West Germany, I studied the possibility of exports to the West—today we have nothing to sell, and it will take some 10 years for this situation to improve somewhat. On the union market, we can all exist somehow at present. We need to establish conditions of tough competition on it, competition with everything that goes with it. Until we get stronger, only then can we remove the barriers. But until we climb out of the pit, we must have a method of economic protection: incidentally, just like the European market has against the United States and Japan.

Selyunin: You have sketched the model of CEMA, and it did not work.

Bronshteyn: Because it also was not a market. There was the transfer ruble, there was no free movement of capital, no joint stock capital and the rest. That is the reason, not for other reasons.

Selyunin: But your model assumes that Lithuania, Estonia, and Latvia are independent states?

Bronshteyn: Yes, of course.

Selyunin: Then we might try.... But under the condition that no one owes anyone anything. I am Russian, but I feel that bills should not be presented such as were presented to Lithuania. It can also respond to us with a bill.

Bronshteyn: In this model, we begin from scratch.

That is advantageous to everyone—to begin with a clean new slate.

INVESTMENT, PRICES, BUDGET, FINANCE

Low Prices, Excess Currency Emission Blamed for Shortages

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[Article by L. Piyasheva, candidate of economic sciences: "Dirt Cheap"]

[Text] The fact that the transition to a market will cause an enormous rise in prices—"as in Poland"—is perhaps the only thing that citizens have assimilated properly from the pro-market propaganda of recent years. And if it is so, how will needy and sick people and pensioners live?

Citizens want complete well-being and do not want free prices. They want a guaranteed supply and do not want a market. They do not want it, because in their concept free prices, without fail, are high prices and a free market, without fail, is a galloping inflation, which will complete the destruction of the remainders of the former well-being. Hopelessly intimidated by "capitalism," many quite sincerely believe that inflation is a flaw of the market system, which is manifested with the first sprouts of economic freedom.

With regard to the government it also seems to be sincerely convinced that inflation is introduced into our life by the iniquitous behavior of enterprises, which arbitrarily inflate prices and increase wages.

In order to prevent a wave of inflation, "price freezing" is necessary and for this existing levers of planned regulation will have to be "retained." Hence the need for ministries during the transitional period as well. This is what the government thinks.

Who is to blame for the rise in prices—the market, which makes them free, citizens, who demand an increase in their wages, or enterprises, which inflate prices? None of these.

Whether we want it or not, inflation is a purely monetary phenomenon brought about by the immoderate appetites of those, in whose hands the printing press is. A stork does not bring inflation in its beak. Rash decisions create it.

Let us look how this happens. Everything begins from planning. The country needs to build so many new plants, tanks, rockets, and houses. This requires cement, coal, steel, petroleum, and, consequently, ores, geological exploration, electricity, roads, and money. The more stepped-up the plan, the worse the provision of resources for construction projects, the more certainly they turn into late-completed projects, and the more hopeless the possibility of monetary coverage for the entire growing construction giant. Workers are hired and wages are paid, but there is nothing to barter them for, because final consumer goods and services do not increase on the market. What does the government do? First of all, it puts a new printing press into operation. So many bank notes are printed that even those who have never received more than their "engineering" wages suddenly become the owners of an annual bonus of 2,000 rubles. There is no need even to talk about investment papers—suddenly there are so many of them that only a lazy person would turn down a big or small new investment project.

In 1988 twice as many papers as in 1987 were printed and four times as many as, on the average, during the past five-year plan. Whereas during the "stagnant" years of 1979-1985, on the average, the budget deficit totaled 20 billion rubles, in 1989 it totaled 120 billion—a leap, at which our grandfathers and great grandfathers would have marveled.

Now, after bank notes have been printed, wages have been issued, new construction projects have been started, income has seemingly grown, and the government has seemingly given a report on a "rise in well-being" and the "social orientation of the budget" to citizens, it is the right time to begin the fight against "surplus" accumulations, excessive income, and "superfluous" construction projects, against speculating aunts, and against cooperatives, which instead of the customary 200 pay up to 1,000 rubles per month.

To fight against cooperatives is as easy as pie. Just announce a progressive tax and increase the progression to the limit, beyond which the cooperative stops its activity.

It is also easy to fight against state enterprises, because they behave like obedient sheep: They were permitted to raise prices, they raised them. They were permitted to increase wages, they increased them. They were permitted to sell anything for dollars, they sold it. If they are forbidden, they will curtail their "commercial" initiative.

The matter is more complicated with private income and accumulations, which pile up in savings banks in expectation of consumer goods and services, as well as of the time when citizens will be given back the right to dispose of their own savings as investment capital and to purchase houses, land, seeds, and tractors with them.

Pursuing its inflationary policy, the government counted on a "proper" behavior of both enterprises and citizens:

They will "put" this money "aside" and it, the government, will see to it how to best withdraw it at the proper time.

Meanwhile, both enterprises, which received the status of "economically independent," and citizens, who encountered a rise in prices, which broke out of control, behaved in an unusual manner. The former rushed to increase income owing to the rise in prices and the latter dashed to stores in order to spend as quickly as possible the money devalued before their very eyes.

Is it possible to stop inflation and to freeze prices? No, because under conditions of stable prices inflation always appears in the form of a shortage of goods and services and a simultaneous onslaught of the black market and the shady economy.

We have long been accustomed to the fact that in our country "in spite of everything" prices are low. In a normal society low prices are always a sign of a saturated market, a sign of a rich and prosperous society, a sign of the health of the economic system. However, our low prices represent a fiction, a constant shortage of all and everything. They represent the black market, bribery, shady economy, and speculation. They represent dishonest trade and naturalization of distribution according to the principle "you for me and I for you." They represent cards, coupons, holiday "orders," and post-cards for kitchen sets. They represent coupons for entry into a store and for sugar. They represent loads, additional payments, and overpayments.

In our country the policy of "low prices" has always been proclaimed as socially just with respect to the poor and low-paid strata of society. However, understated prices always represent a shortage of goods. When there is a shortage of goods, those who stand higher in the social hierarchy or more closely to the sources of the commodity flow, as well as those who, owing to special circumstances, are able to overpay substantially, always win. The poor and the destitute, for the sake of whom this fantastically unfair system, which is destructive for economic and social life, has been devised, stand in the common line. This is the social justice of the policy of "low prices."

A correspondent of the SPIEGEL newspaper: "Will the state, which acts as the client, always have a priority position, or will it have to compete with private clients in the fight for deliveries?" Academician L. Abalkin: "There are a number of spheres, where the state really possesses such a priority position... In our country there is a single school uniform and children must receive their school uniforms by 1 September of every year. Consequently, we must see to it that every family is able to buy these things at reasonable prices."

It turns out as follows: let enterprises lose, let the school director himself give out coupons against receipt of school uniforms, let the instructor of the rayon department of public education count them off according to lists, and let parents come to "Detskiy Mir" [Children's

World] from all corners of Moscow at the indicated time, but on the other hand on 1 September every girl will come to the classroom in a blue frock bought at a very cheap price. This would be the goal... Last year I myself was a witness to how in "Zvezdochka" [Little Star] on Taganka a middle-aged woman from Central Asia wept (!) because a school uniform was not sold to her. She, poor woman, did not have a coupon. The young saleswoman shouted: "Citizen, leave the section, don't disturb..."

We know what pandemonium there is with children's goods in our country: Lines for fur coats 1-year long and underground trade, which in one way or another equalize the "social" price with the normal market price, and an undisguised lack of panty hose, shoes, and trousers. All these are the costs of falsely understood social humanism—a tale that a good state supports poor families in such a way. However, is it not simpler to pay an allowance for each successive child at a progressive rate and to sell goods at normal equilibrium market prices, which focus in themselves the ratio of the monetary demand existing in society and commodity supply?

This will give benefit and relief both to the producer placed under normal commercial conditions and to the consumer worn out by lines.

While thousands of economists on thousands of typewriters calculate for us "scientifically substantiated," "socially low," "subsidized," and "compensatory" prices, we stand in lines and rush in the search for scarce goods. On 30 December of last year there was a long line in a kiosk of the Danilovskiy Department Store. To the question "for what?" the frozen citizens (it was freezing weather!) answered: "for a scarce commodity. We don't know yet what it is." This is how good economic deeds result in economic and everyday schizophrenia.

This year, however, there are no lines. Scarce goods "were distributed" among enterprises.

What should we do? First of all, we should give up the idea of "social" and "frozen" (stable) prices as a "socialist achievement" and a blessing for the poor and the helpless. Inflation devalues income and deprives [people] of incentives for savings. Understated prices are a direct hindrance to development. They deprive producers of incentives and hamper normal reproduction. Prices should be free and flexible and sensitively react to changes in supply and demand. With regard to the poor and the feeble they should be paid allowances and pensions, grants, and additional payments for people with many children should be increased. All permanent income should be indexed in proportion to the rise in prices and in this way the weak should be protected against a possible monetary expansion.

Second, we must give up the mass conviction that, allegedly, the shortage is the result of production insufficiency, the conviction that, if we build more plants and factories and open more animal husbandry complexes and poultry farms, the shortage and with it lines will

become things of the past and everyone will become happy and well-fed. They will not! Because the shortage is not absolute, but relative as compared with monetary demand. The shortage of goods exists only where the state has an effect on prices. For example, let us raise prices to the level of monetary demand and goods will immediately appear on counters. Or freeze the growth of wages and withdraw citizens' monetary accumulations and you will get the same effect. At the same time, it is clear that, if for the same job we pay one-half less and for the same thing we charge twice as much, demand will be reduced and the shortage will disappear. And if we do not pay at all and change over to free shock labor, counters will again begin to burst with black caviar and cured fillets of sturgeon and every New Year it will be possible to announce a price reduction. Neither great intellect nor university diplomas are needed for such a strategy. Just a firm hand and cunning demographic statistics. And, of course, the belief that camps and deaths from starvation are sent down [from heaven] for "enemies of perestroika"—saboteurs, who hide color television sets and other scarce goods in basements, and shady economy speculators, who accumulate mafioso money.

The situation of the fullest noncorrespondence of prices to the mass of money in circulation has now become aggravated in the national economy. "Cheap" prices are at one pole and a surplus mass of money, at the other. The government's economic strategy envisages the following: wage freezing, price freezing, a simultaneous growth of money emission, high state indebtedness, and a significant budget deficit, that is, a brightly colored inflationary monetary policy, which will continue to overflow money circulation channels with bank notes devalued before our very eyes and, thereby, to devalue our former, present, and future savings.

There is a very great probability that the government "will forgo principles" and will begin to solve the problem of "excess savings," sacrificing "low prices." The problem of "excess savings" will be solved quite simply: Through high prices the state will take away everything that it paid before, when prices were relatively low, but there were no appropriate goods and services. It is clear that under such circumstances consumption will also be reduced. Poor people will cease to consume meat, some people will change over to self-provision and will begin to grow potatoes instead of Dutch tulips and magnolia vines, and the consumption structure will change—there will be more grain and potatoes in it and fruits and meat will disappear.

It is not ruled out that, in order to alleviate the poverty problem, the introduction of compensatory "meat" and "bread" allowances will be proposed. However, if a rise in prices is compensated with increments, serious changes in the amount of the shortage will hardly occur. And if only the poor receive increments, a reduction in the income of medium- and highly paid people, that is, the next redistribution from the "rich to the poor," will be the only result.

At the same time, society will become poorer exactly by the amount of payment required for the additional labor of "tally clerks," "estimators," "distributors," and "bosses" and by the amount that will disappear and be lost among the floors of the administrative system and accumulate in the safes of the authorities. We must be realists at least in this simple matter. How all over the country to calculate real income, uncover those that are truly in need, and evenly distribute "meat" and "bread" allowances among them? How to pay students who live on grants? Pensioners? Disabled persons? Single mothers? People with many children? As a result, we will, most probably, obtain a reduction in the growth of wages (the government program envisages a growth of income lagging behind labor productivity growth), a real reduction in wages (as a result of inflation), devaluation of savings (growth of money emission, a budget deficit, and a state debt are envisaged) and, possibly, a mythical "meat" allowance—not enough for a rise in well-being or for social justice.

However, this is not yet everything. The whole trouble is that we will not solve the shortage problem in such a way, because we will not eliminate in this way the reason for the disproportions among the volume of the mass of money in circulation and prices.

In a market economy a rise in prices (even if it occurs under the effect of the growth of money emission) stimulates the establishment of new production facilities and a search for new technologies with lower costs and, accordingly, with a higher profit. In a planned economy this mechanism does not operate. State (departmental, ministerial, and so forth) monopoly on output, on the right to establish new types of production facilities, and on the control of the internal market fully blocks the channels of normalization of the economic structure and makes a rise in prices an act of a direct attack on the population's standard of living. It is clear that the rise in prices, which our reformers propose to implement, will in no way affect the scale of production, the establishment of new types of production facilities, and the expansion of the market through foreign commodity producers, who are ready to offer goods at lower prices.

Since our official economists propose only to increase and equalize the price structure without property reform and a transition to a system of free market price formation (with the exception of N. Shmelev, who comes out with the concept of two-phase transition), but do not protest against inflation, it is clear that, most probably, their measures will have a temporary effect, partially reducing demand, but in the very near future everything will return to the previous situation. The minister of finance will again announce the amount of the budget deficit and a new round of inflation will begin, shifting the costs of maintenance of the expensive management system with all its scientific and administrative "planners" to citizens' shoulders. This measure is old and, above all, within the framework of the old economic mechanism, inevitable. Within the framework of this

system there simply are no other ways of solving problems, except attacking our standard of living. However, to maintain the policy of "cheap" prices means to expand the "black"—speculative—market even more.

What does the author propose?

In order to stabilize the market, it is necessary, first, to pursue a deflationary policy, withdrawing part of the excess investment money from circulation, to significantly reduce state expenditures, to give up the inflationary monetary policy, to release as much as possible all entrepreneurial initiative, which still remains in society, and to free prices. Under the conditions of a tough monetary policy their rise will not become galloping and will not produce a destructive effect. In any event we will have to go through a rise in prices, because all these years, through the fault of our economic managers, planners, finance workers, and ministers, we have eaten more than we have produced, spend more intensively than we have created, thrown to the wind and buried in the ground vast resources, which we have obtained largely owing to the sale of petroleum, gas, timber, and other natural reserves, and maintained a vast army of "dependents," in particular in the form of official bureaucracy. All this has not yet been paid for.

However, there will be hope that this rise, which evens out disproportions and eliminates the shortage, will be salubrious, because free market prices in themselves are the distinctive regulating mechanism that stimulates both production growth and the elimination of obsolete and bad goods. At the same time, this rise will introduce order into consumption, reducing the problem of commodity stocks to a minimum. On a market saturated with goods and services there is no reason to buy "for future use."

What a scenario of events is the most probable under present conditions of economic policy, which does not envisage a complete and universal transition to a market economy?

The means of production will become more expensive (a rise in the prices of raw materials and basic supplies is envisaged). The credits taken in the West will contribute to this rise in prices. In proportion to this rise there will also be a rise in the prices of products and, consequently, in the production costs of enterprises producing consumer goods. Naturally, this will be reflected in the prices of virtually all consumer goods, services, and food. So, along with a direct rise in the prices of consumer goods and services, which reformers are preparing for us, their "hidden" rise connected with the rise in prices of the means of production, raw materials, and supplies, as well as with the inflationary boom caused by the growth of money emission and Western credits, is being prepared. At the same time, the position of enterprises producing consumer goods will be highly vulnerable owing to the fact that the increase in the prices of their products will encounter a reduced effective demand.

This will automatically lead to a decrease (not expansion, which is to be attained in the course of reform) in the output of consumer goods and to a slowdown in the rates of growth of their production.

This logic can be continued, pointing out that a reduction in consumer demand will make the additionally produced implements of production superfluous. As a result, there will be nothing to pay for foreign credits. Moreover, the already acute crisis, whose basic characteristics the surplus of production of the means of production and the shortage of consumer goods and services are, will also be aggravated. It should be stated that at first economic managers will report on accelerated rates of growth and government reports will have calming figures of increased volumes. We should not be reassured by these figures: credit inflation always gives a falsified picture of a boom, because it artificially expands the market and artificially facilitates the task of both production expansion and the sale of products. However, the whole trouble lies in the fact that work places created with borrowed funds (foreign credits) and money emission and an increase in output can give only a temporary and artificially stimulated effect. The bigger the amount of this credit and the fewer the real transformations that occur in the management structure and in the economic mechanism itself during inflationary growth, the more difficult it is to pay for it.

The problem lies in this. I do not know how long we will be able to delay the transition to a commodity-money economy, which frees prices from administrative fetters and gives the producer economic independence. We have something to seriously think about.

Advantages of Wage, Price Indexing Weighed

904A0337A Moscow *EKONOMIKA I ZHIZN*
in Russian No 18, Apr 90 p 6

[Article by G. Sarkisyants, doctor of economic sciences:
"How To Tame Inflation"]

[Text] The price rise, which is taking place, perceptibly affects the real content of the population's money income. With the price rise the purchasing power of the monetary unit decreases. Therefore, part of the increase in money income goes to compensate for this decrease.

Calculations show that in 1971-1975 the rise in average purchase prices of goods absorbed 29 percent of the total increase in the population's average per-capita money income, in 1976-1980, 56 percent of the increase, in 1981-1985, 60 percent, and in 1986-1988, 52 percent. The share "eaten" by prices in the wage increase is even higher: during the 9th Five-Year Plan it made up 46 percent, the 10th Five-Year Plan, 74 percent, the 11th Five-Year Plan, 82 percent, and during three years of the current five-year plan, 47 percent. In 1989, as compared with the 1985 level, the population's money income increased by 33 percent. However, more than one-half of this increase is absorbed by the rise in consumer prices.

The rise in prices can also lead to a decrease in the real income of individual groups of workers. Badly-off strata and people with fixed income suffer to the greatest extent. According to calculations, the real purchasing power of the official wage minimum of 70 rubles (in 1970 prices) established in 1972 now makes up about 50 rubles per month.

In the 1970's and during the first half of the 1980's, owing to the price rise, the real wages of teachers, physicians, and other categories of workers with fixed earnings declined. The price rise during those years led to a relative, as compared with the working population, as well as to an absolute, deterioration in the financial situation of pensioners. The real content of many types of money allowances, primarily for children, which had been established 15 years ago and longer, declined.

State regulation of income with due regard for the rise in retail prices should help to restrain the inflationary decline in the real income level and to tame, so to speak, inflation. The price rise index should be taken into account in monetary payments to the population.

Under conditions of inflation, income indexing is the key element of the state system of social guarantees for workers. In our country such a tool of social protection is not yet used, but in world practice this is by no means an innovation. In many capitalist countries—for example, in 11 West European countries, the United States, Canada, and Japan—income indexing has been applied for more than 35 years. It is widely used in Poland, Hungary, and Yugoslavia.

However, the approaches are different. For example, in Belgium, Denmark, Iceland, Italy, Luxemburg, and the Netherlands income indexing extends to the entire working population. In the United States, Canada, France, and Switzerland it encompasses part—although it is significant—of the workers. In the United States as well only the income of more than 60 million people, not all income, is subject to indexing by legislation. In such countries as Austria, the FRG, Ireland, Norway, Portugal, and Sweden indexing, which guarantees an automatic wage increase with due regard for a price rise, is not applied at all. The purchasing power of wages is maintained there through a revision of wage rates and salaries during the conclusion of new collective contracts.

Usually, income indexing is widely applied during the correction of social security payments, in particular pensions, allowances, and alimony. For example, in the United States in accordance with legislation the income of 38 million recipients of benefits within the framework of the state social security system, of 18 million food stamp holders, and of 3 million retired servicemen and federal civil service workers is subject to indexing. The price index is also taken into account in the calculation of the cost of school lunches, which 24 million children use.

However, foreign experience shows that with all the attractiveness of the idea of income indexing many complex problems arise in connection with its application. Many alternatives of the possible solution of indexing problems connected with the scale, mechanisms, and specific methods and forms of indexing are also characteristic. Concrete practice varies not only among, but also inside, countries—by sectors, social strata of the population, category of the employed, and even enterprises.

As a rule, indexing leads to ambiguous results. Usually, however, only its positive aspects are mentioned, although it is also accompanied by a decrease in incentives for labor and intensification of inflationary processes.

Experience attests to the need to carefully take into account the specific economic conditions of indexing during one period or another. The scale of its application depends on the proportions formed in the rise in the price and income level of both the population as a whole and its various groups. The efficiency of such a method of regulating income is also determined by the rates of growth of the economy, primarily of national income and consumer goods production. An increase in money income loses its meaning if there is nothing to buy with it.

Depending on the sphere of utilization and methods of indexing, it can maintain a substantiated differentiation of the income of individual population groups or, conversely, aggravate the distortions caused by a price rise, which exist here. For example, indexing can be introduced only for the income of low-paid and badly-off population groups. This will make it possible to maintain a guaranteed minimum standard of living for them. However, ratios in the income of various population groups will be violated inevitably. As a result, a revision of the amounts of wages and payments from public consumption funds will be needed.

When indexing is used as a regulator of the income of all, including categories of workers receiving average and even high pay, it promotes the maintenance of the existing income differentiation. However, this requires substantial resources, which are not yet available. Therefore, income indexing, without fail, must be viewed in an organic connection with the entire set of measures to raise the population's standard of living within the framework of state social policy.

Incidentally, it is not at all mandatory to compensate for a rise in prices in such a way. Other methods can be used. In our opinion, when selecting them, it is necessary to proceed from the fact that methods contributing to the preservation or intensification of the stimulating role of income and its scientifically substantiated differentiation are more effective. But during a continuous application of income indexing the share not connected with

specific results of labor increases in them. The guaranteed nature of income regardless of the labor contribution and the use of social guarantees continued beyond reasonable limits turn into their opposites. The natural relationship between the measure of labor and the measure of consumption is violated. As a result, the labor basis for the distribution of material wealth is replaced with "social security" and leads to an increase in dependent frames of minds.

Lively debates about the following are now going on: the income of precisely which population groups is subject to correction with due regard for the dynamics of consumer prices? The introduction of income indexing for badly-off strata alone places its other groups under unequal conditions and leads to wage leveling. However, the application of indexing to the income of the entire population would also be unjustified. Apparently, in both cases it is necessary to proceed from a specific social and economic situation.

The difficult situation on the consumer market and the imbalance of the population's mass of money and its commodity coverage limit the possibilities of indexing for our economy. In our opinion, it can be only a matter of the initial stage in its introduction. Apparently, the differentiated application of income indexing covering a sufficiently wide range of people is justified.

For the bulk of the workers, that is, for those who can increase their income by improving labor results, income indexing is inadvisable in our country. The need for it can arise only when income rises more slowly than prices and, therefore, should be corrected for the difference between its increase and the price rise.

Another approach is necessary to the income of the category of workers, whose possibilities to increase it are virtually ruled out or are very limited and, even if it increases, it does so much more slowly than prices. For these categories of workers, income indexing is necessary for maintaining the standard of living. These are, for example, workers with fixed wages, the amount of which increases after certain periods of time in a centralized manner; let us say, workers in nonproductive sectors financed from budget allocations, who receive fixed salaries. These are also workers who receive the officially established wage minimum, as well as other categories of low-paid workers.

Income indexing is extremely necessary for the non-working part of the population, whose income is fixed and can be increased periodically in a centralized manner. It includes pensioners, students, and people living on allowances. Income indexing is possible for them at the expense of the state budget.

It is also important to take into account that inflation has a significant effect on living wages. Therefore, it becomes necessary to raise the "poverty line." Consequently, living wages should be revised systematically.

The formulation of the problem of indexing the cost of payments in kind from public consumption funds in institutions of the sphere of free services for the public is also legitimate.

The inevitability of such a differentiated approach to indexing is also confirmed by an analysis of the data on the rise in income and prices. In recent years the growth of the population's money income has outstripped the rates of rise in prices. In 1988 income rose 9.2 percent and in 1989, 12.9 percent. During 4 years of the five-year plan its annual rise was 7.3 percent. The wage fund increased by 8, 6, and 5.2 percent respectively. But average retail prices rose 2 to 3 percent annually.

As we see, the rates of increase in money income exceed the rates of rise in prices manyfold. Under such conditions the formulation of the problem of indexing the income of the majority of the population would be simply farfetched. Moreover, the possibility of introducing indexing is very limited owing to the relatively low rates of growth of national income. After all, substantial funds would be needed. For example, with an average increase of only 2 percent in the population's income through indexing, in 1989 more than one-third of the entire increase in national income used for consumption and accumulation would have to be allocated for these purposes.

The problem of indexing income from various forms of property remains debatable. There are economists who believe that only income from state property is subject to indexing. However, such an approach narrows the sphere of effect of this social guarantee for workers. Here the problem lies in determining the sources of the necessary expenditures. It seems to us that indexing the population's income should extend to hired workers in all forms of property. In capitalist countries, in particular in the United States, it is applied in the private, not only state, sector.

Payments of increments in the form of indexing should be reimbursed by owners who directly finance income. For example, indexing the wages of workers in state enterprises financed from the state budget, as well as of payments from public consumption funds made from centralized sources (including pensions for kolkhoz members), is possible from general state sources of funds.

However, indexing wages and payments from public consumption funds made by enterprises (including payments for leaves and individual types of allowances) should be financed by them. Similarly, under indexing additions to payments at the regional level should be financed from republic or local budgets.

INDUSTRIAL DEVELOPMENT, PERFORMANCE

Problems of Defense Conversion in Ulyanovsk Oblast

90UM0468A Moscow SELSKAYA ZHIZN in Russian
10 Apr 90 p 2

[Article by S. Shmelev from Ulyanovsk: "Not Presented on a Tray; Why Ulyanovsk Oblast Is Poorly Utilizing the Free Capacity of the Defense Enterprises"]

[Text] It has always been difficult for the local agroindustrial association to place orders at the Ulyanovsk plants for manufacturing equipment. This is particularly so at the defense enterprises. These enterprises found any hitch to refuse including the absence of specifications, the disadvantage of switching complicated lines and conveyors to producing spare parts and individual assemblies and pieces, particularly in small batches.

Of course, serious arguments impelled them to do this. For example, the story of producing under a subcontracting arrangement the KSS-2.6 silage-harvesting combine which they produced, as they say, on the side. The cost of this very necessary but handmade machine was much higher than even its contractual price.

It was becoming obvious that there would soon be an end to dominance from a position of strength. The Dimitrovgrad Scientific Research Nuclear Reactor Institute refused to deliver preassembled parts for these combines. The Ulyanovsk Air Industry Complex was producing less of them than was needed.

But conversion was going to arrive nevertheless. Just last year, due to the loss of military orders, the Ulyanovsk enterprises were forced to reduce the total production volume by 116 million rubles. One-half of this fell on the aviation complex and 36 million on the Machine Building Plant imeni Volodarskiy.

And so now the agroindustrial association is readying its own packet of proposals for them: on freed capacity to begin production of 26 types of complicated equipment for the food and processing industry. The range of the articles is such that after saturating the internal oblast market with them, they could also be sent to other regions. Vacuum fillers, stuffing mixers and electric meat grinders.... In Ulyanovsk Oblast alone, hundreds would be required for the network being established of subsidiary processing shops on the kolkhozes and sovkhozes. In a word, this proposal would guarantee the defense plants a rapid recovery of all financial losses. For facilitating the process, the agroindustrial association even intended to provide them with allocations for metal and introduce higher contractual prices for the readymade machines. It would have been advantageous but the plant leaders as yet have not made any choice. For the current year, according to the forecasts, production will continue to drop for them. It will reach 148 million rubles.

But the fine-appearing program for proposed collaboration and which I was acquainted with by I. Nagornov, the chief engineer from the department of sponsorship ties and coordination at the oblast agroindustrial association, still remains on paper. The reasons are the same which led to the collapse of all previous analogous programs.

The problem is that they were based upon arbitrary decisions by the buro and plenum of the party obkom and which had no legal strength and were not provided with resources. No matter how strange it might seem, in the search for new ways of collaboration with the plant workers the oblast agroindustrial association has again set out on this well-trodden path. "It is our job to inform the oblispolkom on the needs. Let it take the decision and the defense plants give some thought on how it is to be carried," is how the association specialists reason.

The lack of trust by the plant workers for the decisions of the local bodies is not devoid of reason. Several years ago, at the insistence of workers from the agroindustrial complex, the party obkom forced them to produce on a subcontracting basis the Fregat irrigating units. Finally, when everything was set up and it would be possible to increase output, it turned out that all of a sudden no one needed the Fregats. The obkom again flippantly took a decision. But this time to halt production. And on the enterprise balance sheets there hung rather large supplies of unnecessary preassembled parts....

The oblispolkom could not influence the plant workers. The government had given it the right to place with the enterprises only a limited amount of orders for manufacturing nonstandard equipment for the institutions supported by the local budget. The agroindustrial association had never been such an institution. On the other hand, it would have been possible to influence the forming of the product range and the volume of produced consumer goods. Certainly equipment for the food and processing enterprise also does not relate to these.

One way out remained and that was to link the interests of the enterprises which were to be converted to the interests of the consumers of their product. I feel that at present they would show understanding to such an initiative by the oblast leaders. All the more as this would be backed up by a concrete, sound program for the series output of new machines.

"We would have done this," agreed the chief of the Coordinating Department of the Oblispolkom Yu. Butyrin. "But the leaders of the agroindustrial association were very late in making their proposals to us. Conversion has been underway for two years now and they are just getting started."

"The executive committee informed us only recently that it would be possible to draw up orders. And we drew them up in the shortest period of time," parried the representatives of the oblast agroindustrial committee.

Should we look for extremes? No, it would be better if now the forces were spent on using for one's own interests at least what is being developed or what has already been accepted for production by the plants.

In the future it is essential to work to satisfy the processing sectors. While the agroindustrial association hesitates, the defense plants have actually begun to work out in individual instances to serially produce many types of scarce equipment. Although the emphasis was put primarily on filling the orders of public health, they did not forget the needs of the agroindustrial complex.

The same Plant imeni Volodarskiy has begun series production of several units of equipment for small-capacity shops processing meat. And the Kometa Plant is producing the automatic spaghetti unit which successfully produces both articles from kneaded dough and dumplings. I am confident that buyers could be found for those machines which were developed in previous years but were made piecemeal. For example, the automatic machine for producing cutlets. Here there is no need for any designing or development and they can merely be taken and put on the line. After adjustments it would also be possible to specialize one of the plants in the production of the same silage-harvesting combine. But now on a serial basis and not part by part.

But in a single city with the presence, you will note, of dependable telephone communications the potential partners cannot find one another. And the result is lamentable. The same Plant imeni Volodarskiy last year had to cut back on the previously planned production volume for a new scraper to remove bristles from hog carcasses. The reason for this was the absence of any demand. Although this equipment is required on the subsidiary farms of each oblast kolkhoz and sovkhoz. In the same manner for now there has not been a single order for the spaghetti machine from the agroindustrial association.

It is a paradox and just so: the oblast agroindustrial association cannot receive the new lines from the plants because they are produced in small series. And they are produced in such small numbers due to the lack of orders from the same association! Who if not the two recently established coordinating departments of the agroindustrial association and oblispolkom can resolve these puzzles?

"What our defense plants are presently producing for the countryside we do not know," I heard at the agroindustrial association. "We did not know that the executive committee had a list of such products. No one showed it to us."

"But they did not ask," they whined at the oblispolkom.

These are the bureaucratic games that are played. How can they manage not to know anything if last year they specially organized an air journey to the USSR VDNKh [Exhibit of National Economic Achievements] for the production workers and representatives of the oblast

agroindustrial association, where they were able with their own hands to feel the machinery produced by the Ulyanovsk enterprises for the countryside and this year there was an excursion to the plants themselves?

Just what is this, our age-old inefficiency or the inability to run things effectively or departmental isolation? Some continue to be concerned with paperwork while others continue to rush about the country spending money on searching for what they long ago could have made at home.

Conversion Products at Komsomolsk-na-Amure Aircraft Plant

90UM0468B Moscow KRASNAYA ZVEZDA
in Russian 10 Apr 90 First Edition p 1

[Article by A. Tsvetkov: "New Additions to Conversion"]

[Text] In traveling rapidly over the virgin snow, an originally designed device can be seen during these spring days on the Shargol Channel not far from Komsomolsk-na-Amure. Here they have conducted running trials of small-sized air sleds, a new product from the Aviation Production Association. The light two-seated vehicle can reach a speed of 100 km an hour. In contrast to the 'Buran,' it has an enclosed cabin and consumes less fuel. After mounting special floats, the device can move across shallow water and swampy terrain.

With the start of conversion, the aircraft builders have paid great attention to producing consumer goods. During the current year they have begun series production of the Mikro yachts, delta gliders and bicycles, as well as household appliances.

Update on Factories' Conversion Efforts

Rocket 'Engine-Construction' Association

90UM0525A Moscow NEDELYA in Russian No 15,
9 Apr 90 pp 8-9

[Article by KRASNAYA ZVEZDA correspondent Stepan Troyanov under the rubric "The Consumers' Society," Gulyaypole: "Worthy of Attention: An Unpromising Plant Was Given a Second Chance Under the Wing of the Aviation Industry"]

[Text] We did not choose to begin our discussion of the conversion precisely in "The Consumers' Society" by accident. Today conversion is perhaps the main reserve for rapidly—we want to stress that!—saturating the market with many types of goods in demand. It is a known fact, after all, that the best equipment, modern technology and highly skilled cadres accustomed to working with the highest standards ended up in the hands of the defense branches. In short, those who made the decision to begin the conversion had every basis for hoping that the "defense people" would help the nation put an end to the shortage primarily of complex, durable goods. And so,

how are the "demobilized" enterprises performing? Are they justifying our expectations? What problems are they encountering? We consumers are not indifferent to their situation.

It is a good thing the conversion has for now involved only one wing of the Motorostroitel association—this was precisely the idea which V. Boguslayev, association director, emphasized several times during our discussion. Why? Why because the process of converting an enterprise from one type of production to another is complicated, torturous, if you like.

I have recently been visiting more and more plants which were not mentioned in our press until quite recently. And I could not help noticing that the conversion from the "narrow-gauge" defense rails to the peacetime "wide gauge" has created confusion. And just how could one maintain Olympian calmness? The operating assembly lines cannot be shut down at once, because production of the traditional goods, let us put it that way, is ordinarily not halted but only reduced, and the production of new products for the empty consumer market has to be rapidly mastered. How does one escape what appears at first glance to be a closed ring.

The enterprise name alone tells one what kind of products it was built to produce. They include unique engines for such aircraft as the Ruslan, the Mriya (Mecha), IL airbuses and, of course, military aircraft. As soon as the demand from the military-industrial complex fell off, the question arose: How do we continue to exist? Drop aircraft engines, set up production of some new products and push them into the market? No, the enterprise decided, this was not the way. The "way" was to increase the output of engines and spare parts for the civil aviation fleet. It is a known fact that the Soviet pool of passenger and cargo planes is meager and is operating at its limits. One can only try to keep up with the need for engines. But what about consumer goods? Those for which there are all-devouring lines?

I believe that the Zaporozhye people have groped their way to a solution. But you be the judge.

Slightly more than 100 kilometers from the oblast center, in the city of Gulyaypole, a plant producing household goods was barely eking out an existence. Its manager, although called the Ministry of Light Industry, also counts not just the rubles but also the kopecks. Baby carriages were produced at the plant. Three years ago, however, because far larger competitors set up production of this "transport," the customers stopped buying the Gulyaypole product. Earnings dropped catastrophically, and blue-collar workers and engineers began leaving the plant.

Management scrambled about in search of orders, grasping at any possibility for obtaining work. And the more primitive the work, the more willingly they accepted it. It was impossible to assemble computers in the squat, warped, one-story buildings.

In the meantime the conversion and the attendant need to significantly increase output forced the engine-builders to seek a solution beyond the home grounds. There is not much opportunity to spread out in a city with a population of almost a million. The idea came to the aircraft builders: What if we were to take this little plant under our wing? And the Zaporozhye people began sending it machine-tool assemblies, the likes of which the rayon industrial combine could not even have dreamed before.

Master craftsman S. Chernov, who has devoted almost four decades to the plant, had this to say:

"We acquired real prospects," Stepan Ignatyevich said, pointing to a building under construction for a future galvanizing shop. "The tool-making section is being converted into a shop. Purification facilities are planned. It is all going to cost at least 700,000 rubles. Motorostroitel has not been stingy with its money. Our plant has increased the output of products needed by the population from 3.2 to 4.5 million rubles' worth. We have renewed production of baby carriages, but we now use the developments of Motorostroitel. This is how fast we are moving!"

Chief engineer N. Kachan and I. Makarchuk, the very young production chief, added this to what the veteran had said: Average wages for the workers rose from 120 to 200 rubles in a year. Those who "fled" are now returning, and even bringing comrades with them. The collective is clearly younger. While the plant workers received three apartments in three decades, we are now looking at an entire street on which to build bungalow-type houses.

A modular building is in the works, where it is planned by the end of the year to begin turning out the scarce Sich engine-blocks and the even more scarce gas-fuel parts for all makes of passenger cars. The most important thing, however, is not that a completely unpromising enterprise has suddenly acquired a future. The remote site will acquire a high caliber of production, modern technology, bold engineering and normal production discipline: precisely what the "rayon people" in the local industry subdivisions lack. This is how it will look. The Motorostroitel specialists will build the modern automated lines at their head enterprise, perfect the finished item and set up the training of "provincial cadres" there, and all of it will go to the rayon. Rapid development of production and good product quality are clearly ensured under this system.

At the end of last year the UkSSR turned the Gulyaypole Home Appliances Plant (renamed the Zarya) completely over to Motorostroitel. But yesterday's parents want to "give away" the bride without a dowry: without electric power quotas, without funds for raw and processed materials. This could mean that the Zarya will be unable to harvest the crop planned for this year....

I suggest that the "knots" tied by the conversion at enterprises can most easily be untied by taking the Motorostroitel route.

There are hundreds of unpromising enterprises such as the former Gulyaypole Home Appliances Plant. The conversion could take them out of their doldrums.

A Specialist's Opinion

A.Ye. Shestakov, deputy USSR minister of general machine-building:

Our branch has always been oriented toward the production of very small lots of products and is therefore unable to set up with our previous equipment the large-scale production demanded of us today. The conversion requires large financial investments. We must also have a "retraining" program for the workers, engineers, designers, managers....

Kirov Oblast's 'Mayak' Plant

*90UM0525B Moscow NEDELYA in Russian No 15.
9 Apr 90 p 8*

[Article by IZVESTIYA correspondent Anatoliy Yershov, Kirov Oblast, under the rubric "The Consumers' Society": "We Are Sounding the Alarm!: Waiting to Be Told"]

[Text] The conversion did not catch the Mayak unprepared. Kirov residents were familiar with its civilian products: home appliances, children's toys and other popular items. Thinking ahead, however, it began producing control devices for machine-tools with numerically programed control. And so, it seems that the plant was ready for peacetime action.

"But the situation changed with unexpected speed for us last year," says plant director B. Drozhdin. "We lost several very large defense orders at once and were forced drastically to reorient production toward the output of civilian goods. This is why we decided to begin producing complex home appliances...."

The choice went to a sewing machine with electronic control. A contract for the sale of a license from the American Singer company—or rather, its Italian affiliate in Monza—is being readied for signing. The government has allocated almost 48 million exchange rubles for purchasing the production equipment. A new building with an area of 10,000 square meters has been built for producing the home appliances. If the negotiations are successful, it is planned to turn out the first 10,000 units by the end of the year. The total production capacity is estimated at a half-million of the sewing machines annually.

In a word, things are going well, but this is more the exception than the rule. In order to fill our market with "conversion" goods, it is not enough just to free the enterprises of the "special orders." An enterprise might

build submarines today but be producing refrigerators, let us say, tomorrow. We need investments of both personnel and funds.

Otherwise, the enterprise will find itself in a critical situation such as that of the Selmash plant, which, despite its name, belongs to the Ministry of the Defense Industry. Its output of defense items was cut by almost a fourth, which was not made up in good time with anything else. Production volumes fell. Profits dropped by 6.7 million rubles last year, and wages were cut. Several hundred people have recently been laid off.

"We tried to retrain the people who operated special machine-tools. We paid them a decent stipend, but we still lost skilled cadres," said Selmash director G. Shtin, not without a touch of bitterness. "Conversion has turned out not to be as easy as we assumed...."

The conversion to new products has created confusion in the "defense people," primarily in the upper echelons of management. The ministry "recommended" that the plant begin producing a product whose name even is super-specific: a device for removing cops from looms. The customer bought 15 of them and then refused further deliveries. No more were needed. But the ministry continued insisting that they be produced.

Plant personnel tried to find their own customer. They even began negotiating with an Italian company on the beginning of joint production of locks, the latter's traditional product. In their dreams they saw the international market, currency earnings, the technical reequipment of production.... The deal was not concluded, however. Know-how in international cooperation is also worth a lot. The talks were conducted sluggishly and incompetently.

The defense enterprises are waiting to be told from the top, from the bottom, from the side, from anywhere at all. The Ministry of Defense knows very well the technical capabilities of its producers but has no real information on the nation's needs for products. And the All-Union Scientific Research Institute for Supply and Demand of Consumer Goods has no idea of the technical potential of the "defense people." This is why, I believe, the conversion needs a middleman with a good understanding both of the defense industry's capability and of demand in the market.

I would like to direct attention to this economic and psychological difference. Our defense enterprises have always operated under hothouse conditions. Today no one gives them detailed and financially backed programs. They have to find the orders, establish contacts and think about selling the product themselves. The "defense people" will someday develop initiative, enterprise....

I am afraid that the conversion could end up in losses for us, afraid that the most highly skilled cadres, accustomed to performing well, will leave the plants and that the caliber and the level of production will drop. In short,

there is a danger of losing the enormous technical capability of the "defense people," who truly have every possibility for providing the nation with complex and scarce products.

The question is how to do it.

'Energiya' Scientific-Production Association

90UM0525C Moscow NEDELYA in Russian No 15,
9 Apr 90 pp 8-9

[Article under the rubric "The Consumers' Society":
"The Plant Is Eliminating the Overcoat—What Then?
What 'Outer Space' Can Do"]

[Text] To produce truly modern and high-quality consumer goods we need the latest equipment, materials and technology. Do we have them? We do, but for now mainly for "special" use. In the photograph [photograph not reproduced] you see the general-purpose Energiya rocket-transport system and the Buran orbiter. V.I. Pyl'nikov, chief of the Energiya Scientific Production Association, tells us what kinds of products can be produced using "space" technology.

The missile flies off into space, but the technology and the materials we have developed remain, of course. And we could use them in civilian production. We use high-strength steel in the engines, for example. It is also suitable for producing medical instruments. A light, strong titanium alloy is used in the pressure accumulators. This material could be used in the field of medicine, as prosthetic parts and synthetic tissue which "engraft" into the body.

Arrow 3 points to where the missile's power components are located. The high-strength aluminum alloy used in them is suitable for the production of wheelchairs and prostheses, and in the future, for high-speed transport equipment.

Imagine how many fires could be prevented in hotels, homes and transport facilities if "civilian" industry had fireproof plastics. We have them. We use high-strength carbon plastics in the fairing parts. Athletic equipment made of these materials would not be as heavy or unattractive as that we now have.

We use a static-resistant covering to prevent electric voltage from building up in the spacecraft. It is used in the civil aviation. Here is a more down-to-earth example. We use cryogenic thermal insulation for insulating fuel tanks and lines. This method could be used for stopping up window and door openings and sealing seams between panels.

We have not yet found a use for the cryogenic heat protection, but it is perfectly clear that this is a matter of the not too distant future.

We use a high-strength aluminum alloy in the engines and tank components. It could also be used for producing ecologically clean transport facilities operating on hydrogen.

We cover the plating edges, which heat up in flight, with carbon-carbon composite materials. They could not only take the place of asbestos but could also be used for the production of self-lubricating bearings, brake discs for sports cars and the aforementioned implants, which would artificially "engraft" into the body organs.

You know that the engine assemblies operate at enormous temperatures. Some of them are therefore made of heatproof nickel alloys. They could be used for the production of filters, particularly catalyzers, in the form of foamed materials with a large specific surface. We need to continue looking for ways to use our developments in "peaceful" products. I believe that a use will be found also for the heatproof copper alloy.

Naturally, I have mentioned only a small part of what "outer space" is capable of today. We need to seek "peaceful" areas of application for our efforts. We simply do not know about many of them. We all need an exchange of information very, very much.

The USSR Ministry of Trade has a pavilion in which are assembled thousands of foreign consumer goods. Those which we do not have. Our economic situation today is such, however, that clearly only the military-industrial complex would be capable of producing them.

Unfortunately, we were told, representatives of the defense enterprises rarely visit the pavilion. Perhaps this is the reason why certain "addresses" still do not know what they should undertake to produce.... Our photographer saw compact equipment for small kitchens (a stove, refrigerator and sink all in one cabinet).

Thousands of other products were left out of the picture. If the "defense people" do not come here, however, if they continue to lack information on the real demands of the market and on the best products, the Soviet consumer will continue to be unaware of the products.

Complaint About 'Energiya' Products

90UM0525D Moscow NEDELYA in Russian No 15,
9 Apr 90 p 9

[Article by Oleg Tkachuk under the rubric "The Society of Consumers": "Come Now! Who Is Directing the Parade?: They Want to Know in the Energiya Scientific-Production Association"]

[Text] They say that a certain tank plant recently began producing kitchen knives out of armor steel. And it is alleged that this peaceable chopper costs somewhere around 90 rubles. The quantity of goods on the shelves is so incommensurate with the number of shelves, of course, that one can make money with anything today. Even with a kitchen knife which costs more than a cavalry sword.

Most customers still do not have a clear idea of who is in charge of the parade for the disarming industry, of whom to write a complaint if one is dissatisfied. In one issue of NEDELYA we published a letter from a reader in which she voiced complaints about a milk boiler produced by the Energiya Scientific-Production Association. The issue had barely reached the readers, however, when there was a call from the association:

"What do you mean, comrades, printing such things?" they asked, shaming us. "It is absolutely wrong. Our milk boiler is a good one, and there are almost no complaints about it. Furthermore, it has nothing to do with disarmament. It is going on four years old now. But you should be interested in what we missile-builders are doing under the conversion. Come and have a look...."

We did not have far to go: just to the Moscow suburb of Podlipki.

Let us begin with the list: a compressor for blowing flour onto a conveyor, surgical instruments, prostheses, a pressure chamber, a candy-stretching machine, a candy-wrapping machine, a cabbage planting system (KVK) and a dough kneader. All of this is being produced today by an enterprise which, in the same shops where these items are produced, assembles the Soyuz, Buran and Progress spacecraft.

Was the list of "down-to-earth" products a random selection? Why should the Energiya invest its energy in precisely this and not some other equipment?

One example of the agricultural slant, so to speak, is the cabbage planting system. It consists of a system of conveyors designed for raising the seedlings. The KVK prepares the growing mixture, plants each little seed in a separate pot, then transplants the small plants in the field, and so forth. The Mosoblispolkom was directed to produce 11 of the systems under an agreement with the USSR Ministry of General Machine-Building.

"The workers are grumbling, of course," said Boris Matveyevich Bocharov, deputy plant director. "And how could they not grumble? It would not occur to anyone to drive a nail with a Japanese tape recorder, but we force highly skilled specialists to screw nuts on bolts.... Our technology, our extensive know-how and our brains are not needed to assemble this system. We are disciplined people, though, and we understand that if it has to be, it has to be...."

I wondered just who decided that none other than the scientific-production association should produce the system. After all, more than just a single airport in Moscow Oblast had tried to gain access to Energiya as a supplier. There were other solicitors as well. And the victor was not the one whose order was more profitable and interesting for the association or conformed more to its line of production, but the one with weight and connections.

Saltykov-Shchedrin wrote the following about this sort of thing: "It would not occur to anyone to check on whether or not arbitrariness has acted correctly, because everyone knows it is arbitrariness because it operates without rules, however it sees fit at the moment."

But let us move on from the classics to the following example. Possessing unique know-how in producing life-support systems, a group of plant designers (at their own initiative) took on the very difficult task of producing a multiple-patient, multipurpose pressure chamber for our medical system. No one in the world has it, but we soon will. I have only seen a full-scale mock-up. The work has only been underway going on three months, after all (the first lot will go to the medical workers in a year). It is very similar to both a bathyscaph and a space station. "Our geometry," I was told. Inside the pressure chamber oxygen or air enriched with oxygen to the required concentration will be fed to six patients simultaneously. It can also contain a doctor. Suffice it to say, the scientists believe, that in critical situations during births the use of the chamber assures a successful outcome in 99 out of a hundred cases.

Both the workers and the managers at the plant said with a single voice that they could and should be working full force. Two months ago they began working on prostheses which are completely new to the industry. With their help Tatyana Kuznetsova has already participated in the 15-kilometer race for the handicapped in the USA. The shop chief told me: "Believe me, our prostheses will be the best in the world."

The Energiya has a unique oxygen equipment shop. But, at the instructions of the USSR Ministry of General Machine-Building, the shop is engaged in the production of... a candy-stretching machine. And one of the newspapers recently reported on the death of a person which might have been prevented had the clinic had an oxygen system.

This is how my look at Energiya's non-space affairs went: now admiration for the level and the capabilities of the equipment and the people working there, now experiencing doubt as to how these capabilities would be used...

A Specialist's Opinion

Yu.M. Sinitsyn, deputy USSR minister of the defense industry:

"The main difficulty at this time is the fact that there is still no Law on Conversion. The current programs for re-specializing defense enterprises are on the branch and not the state level. The law should stipulate the conditions under which plants and entire branches are to convert to 'peaceful' production. We must provide advantageous currency conditions for obtaining credit, currency for retooling production, a quota for contract work for the reconstruction, the repair of facilities, and so forth...."

REGIONAL DEVELOPMENT

Azerbaijan Bankers Grapple with Enterprise Insolvency

904A0328A Baku BAKINSKIY RABOCHIY in Russian
17 Apr 90 p 2

[Article summarizing panel discussion moderated by A. Naibov: "The Bank and the Market"]

[Text] When the meeting of bankers in the BAKINSKIY RABOCHIY discussion club "Disput" was already drawing to a close, one of its participants joked: The knowledge of a true financial expert, he said, must extend from brewing tea to the herring migration. We would like to think that this apt piece of rhetoric was not meant just to be witty. When you think about it, it has a rich meaning. The banker today, after all, is a person who holds the main reins for management of the economy, a person to whom much has been given and from whom much is expected.

As a matter of fact, we had occasion to ask the members of our panel about many things. What debt has the republic's economy inherited from the strikes that have taken place, and what can the bank do to help to settle it as quickly as possible? To what extent does the bank now have a free hand to show initiative and enterprise? What is going to happen to enterprises operating at a loss? What is the reason for the dramatic spirit in which relations are sometimes developed between the specialized state banks and their younger brothers—the commercial and cooperative banks? What role is the renewed banking system going to play when Azerbaijan SSR makes the transition to a regulated market economy?

The bankers also had questions which they put to the press.

Let us introduce them to our readers: Galib Agababayev, chairman of the Board of the Azerbaijan Republic Bank of USSR Gosbank and chairman of the republic's Council of Banks; Sadykh Samedovich Sadykhov, chairman of the Board of the Azerbaijan Republic Bank of USSR Promstroybank; A. Kasumov, chairman of the Board of the Azerbaijan Republic Bank of USSR Zhilsotsbank; R. Babayev, first deputy chairman of the Board of the Azerbaijan Republic Bank of USSR Sberbank; I. Akhmedov, general director of the Association of Commercial Banks of the USSR; and Ya. Dzhabadov, chairman of the Board of the Cooperative Bank "Inkishaf banky."

[Boxed Information, p 2]

The Strike and Finances

The Situation in the Republic as a Whole (January-February 1990)

Delinquent debt amounts to two billion rubles as of 1 March. It could have been approximately 200 million

rubles less if there had been no strikes. In March, the economy was more lively, but far from the previous level. The losses in the circulation of money in just January and February amounted to almost 150 million rubles. They will hardly be made up in the months that remain to the end of the year. People lost 60 million rubles in wages, and this when our average wage is the lowest in the Union.

The Situation for the Group of Enterprises Served by Zhilsotsbank (January-February 1990)

The cashiers of the bank's institutions paid out 202 million rubles instead of the 265 million rubles called for by the plan. Funds paid out for wages amounted to 152 million rubles, while the plan called for 207 million rubles.

Short-term credit investments as of 1 March 1990 amounted to 750.9 million rubles, as against 891.9 million rubles for the same period of last year.

As of 1 March, the total amount of delinquent payments was 257 million rubles, including 22.8 million rubles on bank loans and 234.2 million rubles to supplier accounts.

Since the beginning of the year, credit investments have dropped 2.6 million rubles. Nonpayments have grown by 66.8 million rubles, including 2.9 million rubles on bank loans and 63.9 million rubles to supplier accounts.

Delinquent indebtedness (on short-term loans) has grown 80,000 rubles for cooperatives and 159,000 rubles on loans issued to self-employed individuals.

The growth of nonpayments as of 1 March compared to 1 January for enterprises and organizations of the republic's Minlegprom was 21.8 million rubles, including 3.5 million rubles on bank loans; 12.9 million rubles for Mintorg, including 200,000 rubles on bank loans, and 4.9 million rubles for Minmestprom.

Situation for the Group of Enterprises Served by Promstroybank (January-February 1990; Preliminary Data)

| Fulfillment of Profit Plan (millions of rubles) | Plan | Actual | Percentage |
|---|------------------------|------------------------|------------|
| PO "Azerelektroterm" | 8.40 | 3.6 | 42.7 |
| Bytmash" Plant | 0.32 | Loss—36,000 rubles | 35.5 |
| Home air conditioner plant | 9.5 | 3.4 | |
| "Elektrotsentrolit" Plant | 0.9 | 0.5 | 56.3 |
| Kishlinskiy Machinebuilding Plant | 1.6 | Loss—193,000 rubles | 20.9 |
| Machinebuilding Plant imeni B. Sardarov | 2.2 | 0.4 | |
| Machinebuilding Plant imeni P. Montin | 1.6 | 0.2 | 12.9 |
| Payment of wages (thousands of rubles) | First 2 months of 1989 | First 2 months of 1990 | Percentage |
| Bakkholodilnik | 1,241 | 776 | 63 |
| Baku Tire Plant | 483 | 258 | 53 |
| PO "Bakkonditioner" | 1,700 | 1,350 | 79 |
| PO "Orgsintez" | 1,050 | 725 | 69 |
| Azerbaijan Tractor Plant imeni V.I. Lenin | 2,066 | 1,369 | 66 |
| PO "Sintezkauchuk" | 817 | 637 | 78 |
| PO "Azerelektrosvet" | 212 | 20 | 9 |
| Petroleum and Gas Extraction Administration "Kirovneft" | 414 | 273 | 66 |
| Special motor vehicle plant | 286 | 93 | 33 |

The delinquent debt of enterprises to Promstroybank grew 50 million rubles as a result of the strikes.

[End of Boxed Information]

Naibov: From the figures we have given in the tables, readers can judge how difficult a position our economy is in now, what a painful blow was dealt to the financial

position of the republic's enterprises and organizations by the rash of strikes in January and February. Let us frame a diagnosis. What is this: stagnation, crisis, bankruptcy?

Sadykhov: As a matter of fact, we were headed toward bankruptcy even without the strikes. They only accelerated and deepened it. As of 1 January 1990, that is, before the

well-known events began, the sum total of nonpayment was 645 million rubles for enterprises served by Promstroybank. Within that amount, customers owed the bank 77.7 million. Of course, the debt curve shot up because people did not go to work, money owed to the bank alone increased 50 million in two months. This is understandable: people were not working, products were not produced, projects were not completed and activated. Wages dropped off sharply: In the 1st quarter of 1990, they were down 18 million rubles. People lost between a third and half of their wages, in some places even more.

Kasumov: The picture is approximately the same with us at Zhilsotsbank.

Naibov: So, bankruptcy in any case? How will the bank help to rescue the economy from a decisive failure—if only not to lose the credits invested in enterprises? And by rescue we mean a cure.

Sadykhov: We are trying to furnish treatment. Recently, for example, the collective of the Baku Tire Plant contacted me. You surely know what the situation is there now. It is on the verge of crisis. The tirebuilders asked for credits: first, to organize production, second, to build housing. We told them: we can help with the housing, because you really do need it, and what is more, the houses that are built will remain in the republic, they will not leave us. We gave them two million. But we refused the credits for reconstruction. The plant ships 85 percent of all the tires outside the republic, and it is polluting the environment. So why should we invest money in harmful production operations, ultimately turning the republic into an environmental settlement tank? I am against that.

Naibov: But as far as I know, Sadykh Samedovich, they are now building in Karadag a preparatory production operation for the tire plant which must meet environmental requirements. Would it not be sensible to provide credit to finance a new and, we hope, environmentally clean enterprise manufacturing a product extremely necessary to the country and consequently strengthening the positions of Azerbaijan on the union market? Without forgetting, of course, the social sphere. After all, as the republic makes the transition to a regulated market economy, it is enterprises like that, on which the Union depends, that will lay the foundation of our prosperity or the reverse.... To back up what I have said, I will quote some lines from a letter to the Baku tirebuilders from the collective of the Ukrainian enterprise "Belotserkovsel-mash," which was received in the editorial office of our newspaper. This is what it says:

"Our collective is manufacturing feed-harvesting equipment very necessary to agriculture—the KPI-2.4 combines, which are also intended for the farms of Azerbaijan. And this means meat and milk on both your tables and ours. But because we lack rubber tires, the production of combines has been shut down, the association's workers have been placed in an extremely difficult financial position."

Sadykhov: I surely would not argue against the point that relations among the republics have to be preserved and strengthened. But not in the end at the price of fixing Azerbaijan's place in the Union as a region aggravated by the stereotyped and backward structure of the economy! And the bank can play an important role in reorienting it in those up-to-date directions that have priority. Correction of the distorted structure that was shaped during the years of the stagnation and is oriented toward the status of a raw materials appendage—that is what I refer to as treating the economy.

Here is an example. I do not think we have to spell out to anyone how acute our problem is with spare parts for motor vehicles. These are a high-precision and science-intensive product, we need not be ashamed to take them onto the world market, their production can be used as a facility for training highly qualified technical personnel who are so necessary to the republic now. Taking this into account, we are ready to invest sizable credits in organizing the production of spare parts and in their production. We have a selective credit policy.

Naibov: But how is this selectivity manifested in the bank's relations with customers that do not offer so much promise? After all, in 1989 one out of every three industrial and construction enterprises in our republic failed to meet the targets for profit, not to mention the fact that many recorded losses. Things are going still worse this year. What will the bank do: refuse credits to the bankrupts or nevertheless grant them, harboring a specious hope that they will pay them back sometime?

Sadykhov: That is a painful question. Yes, we are giving money to clients who are not well-off and we are doing it constantly. There are as many examples as you like. I will cite only the most dramatic one. In Nakhichevan, there is Trust No 5 of the association "Azpromstroy." Approximately 500 refugees from Armenia have been hired to work there. Most of them were peasants, they have not been trained in the building trades. Output in the trust has fallen off sharply, the average wage there does not exceed 180 rubles. Construction projects are standing still.

What will the bank do? As a man, I sympathize profoundly with people who have been ruined, I understand and approve the actions of the management of the trust when it hired them. But as a banker I know that our money is lost.

A specific decree of the republic's Council of Ministers called for measures for the financial rescue and aid of enterprises operating at a loss so as to put an end to them by the year 1990. And I am here to tell you that that is a fairy tale.

Naibov: Like the fairy tale about Buratino, whom the clever fox Alisa and the cat Bazilio persuaded to bury his gold pieces, naively believing that a tree would grow....

Akhmedov: The comparison does not hold up altogether. After all, we are not the only ones to have unprofitable

enterprises and those which lose money, they also have them in the West, but no one considers their financial support to be like burying money in the ground. First, an enterprise that is unprofitable today can become profitable tomorrow. Second, there are many enterprises you simply cannot do without, even if they are not profitable from the financial expert's standpoint. In such a case, we have to look further back. Dangerous social tension would be created if they were closed down.

Kasumov: Here is something else that needs to be understood: The bank has revenues from its enterprises. Consequently, it has an interest in as many of them performing well as possible. In our practice at present, unfortunately, there are few cases of this kind of symbiosis between the bank and its partners. But it cannot be said that they do not exist at all. The Baku Garment Production Association (VPSHO) imeni Ali Bajramov, which comes under the republic's Ministry of Light Industry, was in a disastrous financial situation in 1988. Last year, it became part of the Moscow Cooperative Association "TIS," the collective has leased its enterprise. BAKINSKIY RABOCHIY, it is worth mentioning, has written about this in detail. I do not know what the fate of the enterprise would have been, I am not sure that it would have gotten out of debt, even with the help of such a strong cooperative as "TIS," if it had not been for the bank. By drawing upon the uncommitted resources of other enterprises, Zhilsotsbank issued to the association an additional credit in the amount of 3.5 million rubles at an interest rate of only 3 percent. We did factoring operations—that is, we bought up 900,000 rubles of the factory's debt. Thanks to a review of the card file (debts to suppliers) 1.5 million rubles were saved by returning bills that had been submitted twice or without justification.

Agayev: Could that not have been done earlier? What you say reminds me of reports from the years of the stagnation, when people would say that they collected 5 tons of trash on Saturday. But why did they have to wait until Saturday?

Kasumov: The bank helped the enterprise to arrange mutual settlements with the budget. As is well-known, for manufacturing the children's assortment VPSHO is to receive a subsidy from the budget in the form of additional discounts on fabrics, while it in turn will pay taxes in the regular way. But until the transition is made to leasing, the association's relations with the budget were not advantageous to it because of the remissness of the services preparing the relevant calculations. The bank raised this issue in no uncertain terms. As a consequence, funds amounting to 700,000 rubles were returned from the budget.

Last year, business turned around for the garmentmakers. The quality of their products improved, they began to sell out. Average wages rose from 140 to 200 rubles. Encouraging prospects opened up. But the strikes canceled them out. In February 1990 alone, every one of its workers lost about 170 rubles, virtually an entire

monthly wage. The same thing happened at the Baku Textile Combine imeni V.I. Lenin. This is annoying, of course....

Agayev: Unfortunately, that is not the only annoying thing. As a matter of fact, the VPSHO imeni Ali Bajramov improved its situation only because of the transition to leasing. And the Combine imeni V.I. Lenin had debts in the many millions long before the strikes, and not just because of the strikes, as you asserted in the Azerinform article entitled "The Economy in the Mirror of Finances" on 15 March 1990.

Sadykhov: It seems to me that finances in one's own "house" ought above all to be the concern of its "owner"—the manager of the enterprise. And after him, the banker. That owner's streak has become weak in the present managers. I recently talked to the director of the plant for processing nonferrous metals. It was manufacturing electric heaters which were in great demand. Components for them were previously delivered from Armenia, and now they are not coming from there for understandable reasons. I asked the director: Had he found a new supplier? But it turns out that he did not even look for one.

I will be frank: The professional level of economic managers has dropped lower in recent years than ever before. Interethnic conflicts have shaken up the management corps, and it is not the best people who have ended up at the top. I have already spoken about the situation at the Baku Tire Plant. It is very far from ideal, to put it mildly. You would think the new director of the enterprise would feel a great sense of responsibility as soon as he took up his position and would be seriously concerned with the business. But he did not work out relations with the union ministry. He even asked the chairman of the workers' council to apply to the bank for credit.

Naibov: Nevertheless, as the chairman of the board of a specialized bank, you cannot choose for yourself the customer in whom you believe, the collective whose businesslike attributes of which you are convinced. By the same token, your customer does not have the right to choose for himself the bank with which he would like to do business. You are bound to one another like spouses who do not love one another. Though I made a mistake: Previously, your customers did not have the right to choose. Now, the newly emerging competitors of the specialized banks—the commercial and cooperative banks—seem to be threatening to take away your traditional "bread." Clients have begun to drain away from the state banks to the commercial and cooperative banks. I have had more than one conversation with cooperative bankers and their partners and I have always heard one and the same thing: All the activity of the specialized banks is rigidly determined, they are assigned their credit plan from above, percentage rates, and the projects they are to finance with credit are determined. The specialized banks represent an inflexible system of institutions with a swollen administrative apparatus. The new banks are a different matter. The unrestricted

money market, competition, and maneuvering of interest rates—that is the air they breathe.

Sadykhov: That is an opinion shared by many people, unfortunately. Now, practically anyone who wants to can become a banker. You go to Moscow, you register your bank, and that is all there is to it. And then a scandal breaks out, as was the case, for example, with the bank "Universal."

Naibov: It would be interesting to learn what happened there.

Agayev: Glavbakstroy ceased to be a customer of the republic Zhilsotsbank and went over to the commercial bank "Universal" for services. The newspaper VYSHKA wrote about this in detail on 4 March 1990 in an article entitled "On the Principles of Honest Partnership." I do not know what principles were involved, much less honest principles, when "Universal" violated all—I emphasize the word—all principles of honest operation accepted in the world and in our country. It seems that when they called their bank "Universal" its personnel were thinking of universal permissiveness. After Glavbakstroy went over to "Universal," all its indicators deteriorated sharply, the main administration's debts grew by eight million rubles. It paid 1.4 million rubles of interest on credit, or 600,000 rubles more than when Glavbakstroy did its banking in Zhilsotsbank. This, of course, was not a partnership, much less honest. Nevertheless, the article points out that the interest rates on credit in the commercial bank "Universal" were about eight percent which is anything but philanthropy. It should be stated that the state banks issue credits so that the interest rates average 3.5 percent, that is, less than half as much. If the state banks also engaged in this kind of "philanthropy," then every year the republic would lose about 300 million rubles. Put simply, what "Universal" was involved in was speculation on the difference in interest rates. This matter went so far that state enterprises—the sponsors of that bank—like the Administration of Transcaucasus Main Oil Pipelines would take inexpensive credits from state banks and turn around and sell them to the commercial banks, and the latter would in turn gain 1 or 2 percentage points, or even more (for themselves, of course), and they would invest that money in that same Glavbakstroy.

The managers of almost all organizations referred to in the article mentioned above have good reason to think about whether sooner or later the collectives will ask them why, once they have obtained credits from the state banks on which they paid interest, and when they had other debts, they did not settle them, but turned around and sold their money at a loss to the commercial banks? This is a siphoning of money in one direction—from the state enterprises to the commercial bank "Universal." You cannot help but think of the naive natives who were given colorful glass beads in exchange for gold.

Naibov: Yet it is the low rates of interest on credit that have everywhere been called an impediment to development of the market. Knowing that the loans can be paid back, the enterprises made no particular effort, they do not have incentives to operate profitably.

Agayev: Now that you have mentioned profitability, I would like to mention that the enterprises of our republic are achieving a profitability that averages somewhere at the level of 10-13 percent. And if interest rates on credit are raised unjustifiably, the bank will simply destroy the enterprise. The banking mechanism is unified throughout the world, and the essence of credit policy is also of a piece. And if it seems to someone who works in a commercial bank that they have invented some new banking operations, then they are mistaken. Those who support this error whether deliberately or not are also mistaken. Most paradoxical of all is that such methods of operation are being served up to us as representative of enterprise and initiative of particularly experienced and able bank personnel. But in that case we cannot understand why it was precisely after these "experienced" workers left the state banks that the republic's indicators for note issue and debts improved sharply? We even have bank personnel who, even if they are retired, and some of them are continuing to work, consider themselves to be practically statesmen. But actually they are just making a mess.

The market develops on a sound basis only when some kind of new and necessary product is created with a combination of capital and by honest labor. But when one person is sucked into a pit of debt (in our example, this would be Glavbakstroy), and someone else at his expense enjoys a safe and carefree existence, then this road leads nowhere.

I do not know how the founders and council of the commercial bank "Universal" can reconcile themselves to the fact that behind their back money belonging to the republic was not credited to our budget, which is already in the red, working capital taken from Glavbakstroy was deceptively covered with new credits, and cash is being paid out unlawfully. The founders and council of that bank should think about their reputations. By order of the Commission for Improvement of the Economic Mechanism of the republic's Council of Ministers the activity of "Universal" in serving Glavbakstroy was examined. Serious violations were found. The report on the examination has been sent to the Baku City Ispolkom, the Ministry of Finance, Goskomstat, the republic's People's Control Committee, USSR Gosbank, and all the republic specialized banks.

I would like to take this opportunity to issue a warning to organizations and individuals: Be aware that any of the commercial and cooperative banks can go bankrupt, and consequently, you are risking losing your money. In such a case, no claims can be made against the state banks.

I would like to be understood correctly. We favor the development of commercial banks, but not at the price

of deceiving simpletons, violation of all the standards of business ethics, not at the price of turning noncash money into cash. Incidentally, there are about 1,360 banks operating in our republic, including institutions of Promstroybank, Agroprombank, Zhilsotsbank, and Sberbank. Only 18 of them are commercial. So that their impact on the economy should not be overestimated. After all, the volume of operations of the commercial banks amounts to less than one percent of the total volume in the banking system. Let the commercial banks invest their uncommitted funds in those spheres and in such a manner that the return from them augments the wealth of society and serves progress. And so that we can see "who is who," I propose to all the republic's banks, including, of course, the commercial banks, that we create a club called "Banker" and a center for bank personnel in which bankers can go through a traineeship and to which we might invite leading economists and the best specialists in banking from the country and the entire world.

I have always been amazed that journalists write little about mathematics, chemistry, physics, and so on, and yet about inflation, note issue—go right ahead; anyone who wants to writes, and he writes what he likes. In an interview with B. Karayev, finance minister, entitled "The Economy, Our Social Feeling and Money" (BAKINSKIY RABOCHIY, 10 February 1990), from a single episodic fact—a journalist receives his wages in "crackling," that is, new, notes—he draws a far-reaching conclusion about the circulation of money into the republic running to many billions. A conclusion as to the adverse influence of the cooperatives on the circulation of the republic's money in these amounts is quite incorrect. How is it, then, that in 1989 the plan for commodity sales was overfulfilled and there was a sharp reduction of note issue from 1988—by 269 million rubles? The article also contains other inaccurate statements.

Naibov: I must come to the defense of my professional guild. I think it is not surprising that there are no banking specialists in newspaper offices, just as there are none for the confectionery industry, for example. The mass media have different tasks. As for mistakes. Is the cause not to be found in the fact that bankers prefer to avoid talking to journalists? To be specific, here you are, Galib Agababayevich, and you avoid....

Agayev: It is true, I will have to admit that what you say is true. You are right. If BAKINSKIY RABOCHIY agrees, then the Council of Banks is ready to present an analysis of the republic's economic situation in your newspaper from time to time.

Dzhavadov: There is no denying it, we cooperative bankers have had violations in our operations. Still, we are turning money over more thriftily than our colleagues from the specialized banks. If we see that a client is losing money, then he will not get anything from us. And this is fair, since those are the harsh rules of a market economy. We help those who show the most initiative and enterprise. The specialized banks have not

been doing their job. They are entangled by a stereotyped system of credit financing and of conducting settlement operations, by outdated instructions, and so on. I will be frank: Today, it is difficult to imagine a banker's work without violations if, of course, he cares what happens and tries to help his customer.

Sadykhov: If I did not violate instructions, then what kind of banker would I be? We are forced every now and then to supply credit to finance construction projects which have not received project plans and estimates, although we know that this should not be done. But if we put the project on short rations, if we refuse to issue a loan to the contractor—then hardly anything would get built. You know, after all, the kind of leapfrogging that is done with documentation for construction, especially large projects. It is constantly being reexamined, and then every time it has to be approved and reapproved in Moscow. Sometimes the construction project is completed, and the design and technology have managed to become outdated several times.

Babayev: The bank must gain independence in choosing its strategy and tactics. Not just as a matter of declaration, but true independence. For example, I do not have a good idea how the provision of the draft republic law on regional cost accounting will be implemented in practice, that provision which says that territories themselves form their own financial resources. After all, the relevant union-level document states that the funds of individuals in accounts in savings banks are spent entirely for purposes to be defined by the state, that is, by the Union of SSR. What kind of independence is that? According to our calculations, the republic supplies the country 10-12 billion rubles of credit resources annually and only 6-7 billion come back again, and then at a certain rate of interest. They send us back what is already ours, and we even pay for it, and we complain that there isn't a bit more. Why do they take it in the first place? The republic is always on short rations when it comes to credit financing.

Agayev: It is symptomatic that only about a year ago the term "credit-finance system" began to turn up in some places instead of the previous term—the "finance-credit" system. It seems that people have begun to understand the bank's role. The ruble, after all—if I can call it that—belongs to the state, the financial ruble is essentially a ruble that is not returned. It does not matter how it is spent. But the credit ruble, the bank ruble, has to be returned, it has to be worked off. These rubles get confused in our country. Many people know that the union-level finance ministry "covered" the budget deficit with tens of billions of rubles from the so-called credit resources of Gosbank. This was a myth, simply a bookkeeping entry. Nothing was gained by it in the country. We need to understand at this late date that in the context of a market economy the banks do not pay for the bad decisions of the government, which has its own budget (not unlike the campaign against alcohol). Everywhere the government lives within its means, and

this reliably prevents the country's economy from collapse. In our country, this protective device has been torn away long ago. And it is only now that we are making a timid attempt to restore it.

Naibov: Both the bankers and the nonbankers agree on the idea that the recent decisions on perestroyka—they are often referred to as perekroyka [cutting the cloth again]—of the banking system have turned out to be extremely unpopular and have only muddled an already cumbersome system. Such a measure has hardly helped to reestablish the role of the banks in the economy.

Sadykhov: You are right. We have created too many banks. The thinking was that we would change the name and the sign and assign certain sectors of the economy to the banks, and this would be perestroyka. The result is a fiction, nothing. It has only enlarged the administrative apparatus. The specialized banks have become entangled in parallelism, they have not penetrated the specifics of the way the sectors operate, they duplicate one another. My opinion is that there must be one bank at the top, regardless of what you call it—the central bank, the republic bank, the state bank....

Dzhavadov: Plus a network of independent commercial banks ideally competing with one another and thereby driving down the "price" of money, that is, interest rates on credit.

Agayev: I will sum up the opinions expressed here by announcing that as of 1 January 1991 plans call for transferring the banks created during the reorganization, which has been so unsuccessful, specifically Promstroybank, Agroprombank, and Zhilsotsbank, from union to republic jurisdiction, and the advisability of their previous status is to be examined.

Naibov: And it is my place to thank all the guests of our discussion club for what we hope has been an interesting meeting.

Latvian Law on Banks Published

904A0330A Riga SOVETSKAYA LATVIYA in Russian
17 Apr 90 p 3

[Law adopted by the LaSSR Supreme Soviet in Riga on 2 March 1990 and signed by A. Gorbunov, chairman, and I. Daudish, secretary, of the Presidium of the LaSSR Supreme Soviet: "Law of the Latvian Soviet Socialist Republic on Banks"]

[Text] The Law of the Latvian Soviet Socialist Republic on Banks defines the legal status of banks and regulates their activity on the territory of the sovereign state of Latvia.

Section I. General Provisions

Article 1. Concept of the Bank

A bank is a specific economic organization that supports the circulation of money and the operation of the loan fund.

Article 2. The Banking System

The republic's banking system includes the following:

- the republic's banks—the central bank of Latvian SSR (Bank of Latvia), state commercial banks, and other commercial banks;
- other credit institutions recognized as such in charters duly approved and registered by the Bank of Latvia.

The republic's banks and other credit institutions may follow the established procedure in opening their own representative offices, branches, and affiliates on the territory of Latvian SSR and the other union republics as well as in foreign states.

The republic's banks and other credit institutions may create trade associations (assotsiatsii) and other associations (obyedineniya) on the basis of contracts and agreements to coordinate their activity, and they may also take part in international banking organizations.

With permission of the LaSSR Supreme Soviet, other credit institutions of the USSR, of other union republics, and of foreign states and also their representative offices, branches, and affiliates may operate on the territory of the republic.

The banks and other credit institutions that exist in the republic function within a unified republic information and computer system.

Article 3. Legal Basis of the Activity of Banks

The republic's banks and other credit institutions are juridical persons. The republic's banks are guided in their activity by laws of Latvian SSR and their own charters. Commercial banks and other credit institutions are also guided by the normative acts of the Bank of Latvia. In this connection, commercial banks abide by the specific features established for money accounts by banks of the USSR, other union republics, and foreign states on whose territories the correspondents of the commercial banks are located.

Article 4. Delineation of the Liability of the State and the Banks

The republic's banks and other credit institutions are not liable for the obligations of the state, nor is the state liable for obligations of the banks and other credit institutions except in the cases envisaged by laws of Latvian SSR and other cases when the parties assume such liability.

Article 5. Taxation of Banks

Banks, their institutions (representative office, branches, and affiliates), and other credit institutions located within the republic pay taxes into the state budget of Latvian SSR in the amount and according to the procedure established by laws of Latvian SSR.

Article 6. Bank Secrecy

The republic's banks guarantee the secrecy of operations, accounts, and deposits of clients and correspondents. The personnel of all banks and other credit institutions are required to preserve the secrecy of operations, accounts, and deposits of the bank or other credit institution and of its customers and correspondents.

Information on operations and accounts of juridical persons and other organizations may be issued to the organizations themselves, to superior authorities, to the courts, to arbitration commissions, and also to financial authorities concerning matters of taxation.

Information on accounts and deposits of physical persons are issued to the customers themselves and their representatives as well as to the courts and investigating authorities. Information on accounts and deposits in case of the depositor's death are issued to the person named by the owner of the account or deposit in the testamentary disposition given to the bank, to state notary offices, to the courts, and to consular missions of foreign states.

Article 7. Publication of Annual Balance Sheets and Profit and Loss Statements

Banks and other credit institutions located on the territory of Latvian SSR publish an annual balance sheet and profit and loss statement in the form and by the dates established by the Bank of Latvia following confirmation of the authenticity of the information they contain by an auditing organization.

Article 8. Attachment and Confiscation of Money and Other Valuables Kept in Banks

Money and other valuables kept in banks may be attached on the basis of decisions of investigating authorities, a court, or arbitration commission, but they may be confiscated only on the basis of executive writs issued by a court, by order of an arbitration commission or other enforceable documents, and in the cases envisaged by laws of Latvian SSR—by demand of financial institutions.

Money and other valuables of foreign and international organizations kept in banks may be attached or confiscated only on the basis of decisions of a court or arbitration commission conforming to procedure established by law.

Money and other valuables of physical persons kept in banks may be attached only on the basis of the following:

- decrees of investigating agencies or court verdicts in criminal cases in which a possible civil suit or confiscation of property must be provided for;
- verdict of a court or people's judge in cases arising out of crimes, suits claiming alimony (when there is no regular income or other property which may be confiscated), or suits on division of a deposit which is the joint property of spouses.

Deposits and other valuables of physical persons may be confiscated on the basis of a verdict which has become final or a decree on confiscation of property issued in accordance with law.

Article 9. Bank Names

The words "Bank," "Credit Institution," or other combinations of these words may be used in a name and for advertising purposes only by banks and credit institutions authorized to conduct banking operations in accordance with the present Law.

Section II. Bank of Latvia**Article 10. Nature and Tasks of the Bank of Latvia**

The Bank of Latvia is an independent state bank whose charter is approved by the LaSSR Supreme Soviet.

The Bank of Latvia is:

- the sole center for issuing the national bank notes on the territory of the republic;
- the bank of banks with respect to commercial banks;
- the organizer of cash fulfillment of the republic's state budget;
- regulator of the economy by money-and-credit methods.

The tasks of the Bank of Latvia are as follows:

- accomplishment of the state policy of economic independence of Latvian SSR in the areas of the circulation of money, credit financing, financing by appropriation, settlements, and foreign exchange operations;
- centralized management of the circulation of money and the republic's loan fund by money-and-credit methods;
- coordination and oversight of the activity of the commercial banks within the limits defined by the present Law.

Article 11. Management of the Bank of Latvia

The Bank of Latvia is managed by the Council of the Bank of Latvia, appointed by the LaSSR Supreme Soviet for a term of 9 years. The Council is headed by the president of the Bank, who is appointed and dismissed by the LaSSR Supreme Soviet.

Article 12. The Bank of Latvia as the Center Issuing the Republic's National Bank Notes

The Bank of Latvia is given the monopoly right within Latvian SSR to put into circulation the national bank notes and to regulate the amount of money that is in circulation.

Article 13. Relations of the Bank of Latvia With the State Budget

The Bank of Latvia:

- organizes cash fulfillment of the state budget of Latvian SSR; in agreement with the LaSSR Ministry of Finance, establishes the procedure of joint operations for cash fulfillment of the state budget by commercial banks;
- jointly with the LaSSR Ministry of Finance manages the state debt, determining the sources and terms of money borrowed by the state and other conditions of the loan;
- extends to meet the needs of the state budget credit which is to be repaid within a specified period of time and subject to interest;
- conducts operations with state securities, and conducts operations with foreign exchange and precious metals by order of the state.

The maximum size of the state debt and also the amount of credit to be extended by the Bank of Latvia to the republic's government are established by the LaSSR Supreme Soviet.

Article 14. Relations of the Bank of Latvia With Commercial Banks

The Bank of Latvia:

- receives into accounts and keeps the money resources of commercial banks placed in the Bank of Latvia as legal reserve and also the uncommitted money resources of commercial banks on a contractual basis;
- extends loans to commercial banks;
- exercises oversight in accordance with the charter of the Bank of Latvia.

Article 15. Regulation of the Economy by Money-and-Credit Methods

The Bank of Latvia exerts an influence on the economic conditions of the market by conducting a recordkeeping policy, by conducting operations with securities on the open market, by regulating the rates of legal reserves, and by changing the amount of money in circulation, the volume of outstanding loans, interest rates on loans, and other indicators of the circulation of money and the market for credit resources.

Article 16. Foreign Economic Activity of the Bank of Latvia

The Bank of Latvia:

- represents the interests of Latvian SSR in relations with the central banks of other states, in international banks, and in other financial-and-credit institutions;

- sets the exchange rate of the republic currency against monetary units of the USSR, the other union republics, and foreign states.

By order of the LaSSR Supreme Soviet, the Bank of Latvia may obtain credits from or place loans with foreign and international banks and other financial-and-credit institutions, may extend credits to foreign and international banks, may receive money on account and in deposit from those banks, may conclude correspondent and other contracts with them, may assume obligations, may issue guarantees related to the money obligations of Soviet and foreign juridical persons, and also international organizations, and it may conduct other operations in accordance with its charter.

Section III. Commercial Banks

Article 17. Founders of Commercial Banks

Commercial banks are banks created to perform money-settlement, loan, and cash operations. Commercial banks may be state banks, joint stock banks, banks based on shares, banks with mixed capital, or joint banks with banks of other union republics and foreign states.

The LaSSR Council of Ministers is the founder of state commercial banks.

The founders of other commercial banks may be trade associations, associations, enterprises, joint stock companies, cooperative alliances, cooperatives, public and other organizations and institutions of Latvian SSR which are juridical persons, and also foreign juridical persons.

Article 18. Procedure Governing the Creation and Activity of Commercial Banks

The procedure for creating commercial banks is defined by the Bank of Latvia. The Bank of Latvia issues the license for opening a commercial bank and registers its charter. The founders of commercial banks approve charters, determine the structure, and also appoint or elect the management of banks.

Commercial banks are considered to have been created and commence their activity as soon as their charter is registered. Commercial banks conduct all operations in keeping with their charters.

Article 19. Standard Economic Rates and Allowances to Which Commercial Banks Are Subject and Accountability for Failure To Observe Them

In order to guarantee the financial stability of the bank and to protect the interests of its customers, commercial banks are subject to the following standard economic rates and allowances:

- the minimum size of charter capital;
- the maximum ratio between the bank's own capital and the sum of its assets;
- indicators of the liquidity of the balance sheet;

- the size of the legal reserve to be placed in the Bank of Latvia in the fund for regulating the credit resources of the banking system;
- the maximum amount of the risk per borrower;
- the rates of deductions from profit to be paid into the fund for insuring the deposits of physical persons and into the special reserve to cover losses on loans whose recovery is doubtful.

These standard rates and allowances are proposed by the Council of the Bank of Latvia and approved by the LaSSR Supreme Soviet.

If commercial banks do not abide by the established standard rates and allowances, the Bank of Latvia puts the question to the founders of commercial banks:

- performance of measures to restore health to the bank's activity;
- reorganization of the bank.

The Bank of Latvia may as an economic penalty raise the proportion of legal reserves for commercial banks that violate the standard rates and allowances established in this article.

The Bank of Latvia may also revoke the license to open a commercial bank if a commercial bank does not abide by the standard rates and allowances established by this article. In this case, the Bank of Latvia sets the date and establishes the procedure for dissolving the commercial bank.

Article 20. The Commercial Bank's Own Resources and Credit Resources

The commercial bank's own resources are made up of the following funds:

- charter capital;
- reserves.

Other funds may also be formed from profit.

The commercial bank's credit resources consist of the following:

- the bank's own resources (after deduction of fixed capital acquired, investments on shares and stock of other banks and organizations, and other immobilized resources), as well as other funds formed from profit;
- resources of enterprises, organizations, and cooperatives which are in accounts in the bank;
- resources of foreign enterprises, firms, banks, and physical persons obtained under an agreement or contract properly concluded;
- resources obtained by issuing stock and bonds;
- deposits of physical persons, including deposits in foreign currencies;
- undistributed profit;
- resources involved in settlements;
- resources in budget accounts.

Article 21. Loan Rates of Interest

The lending rates of interest in operations of commercial banks are set by the banks independently. The Bank of Latvia regulates the level of interest rates on the credit operations of commercial banks by changing the rate of interest on its own credits extended to commercial banks.

Section IV. Credit Institutions

Article 22. Procedure Governing the Creation and Activity of Credit Institutions

Credit institutions (credit societies, savings banks, pawn shops, etc.) may be formed on the territory of Latvian SSR; the procedure governing their creation and activity is established by the Bank of Latvia.

Section V. The Force of This Law and Commencement of Its Effect

Article 23. The Force of This Law

The force of this Law does not extend to banks created on the basis of contracts to which Latvian SSR is one of the parties.

Article 24. Commencement of the Law's Effect

The present Law takes effect immediately upon its adoption.

Latvian Laws on Volost, Rayon, City Self-Management Described

904A0297A Moscow *EKONOMIKA I ZHIZN*
in Russian No 14, Apr 90 p 15

[Interview with Mechislav Dubra, head of the socio-economic department of the Latvian CP Central Committee, by P. Antropov: "Starting with the Volost; Regional Khozraschet—Notes on an Experiment"]

[Text] A new step has been taken in Soviet Latvia towards the development of a system of self-management. Three laws on self-management—for the volost, rayon and city levels—have been passed here at the same time.

We have asked Mechislav Dubra, chairman of the drafting commission which has prepared the laws for review by the republic's Supreme Soviet and head of the socio-economic department of the Latvian CP Central Committee, to comment on these legislative acts.

[Antropov] First of all, Mechislav Yazepovich, could you explain why it was necessary to pass three laws at once which deal with the same question?

[Dubra] It is quite logical! The very structure of the republic's administrative-territorial divisions, including

volosts (this is what we in Latvia now call territories under the jurisdiction of village soviets), rayons, and cities, suggests such a decision. Three levels of authority and three levels of administrative systems are involved which can resolve some of their problems independent of one another. Each local soviet of people's deputies has its own specific character and peculiarities. In order to avoid heaping them all into one pile and to keep the laws clearer, it was decided that three legislative acts be devised.

[Antropov] They were prepared parallel to the USSR law On Common Beginnings for Local Self-Management and Local Economies in the USSR. What do they have in common with it and how do they differ from it?

[Dubra] It just turned out that we were forced to expedite the revisions of the laws on self-management since elections to local soviets of people's deputies in the republic took place on December 10. We wanted them to work according to the new system from the very beginning. And although our laws were adopted before the union law, one can say that on the whole they correspond to the principles laid down in the draft law On Common Beginnings for Local Self-Management. They give an answer to the question of how these principles should be put into practice considering local conditions and national traditions.

The new laws regulate the rights and responsibilities of organs of local self-management, procedures for creating local soviets and bodies, the division of the duties of legislative and executive authorities in the provinces, and sources of funds for the local budget. These are highly extensive documents, each of which has more than 70 articles.

[Antropov] But earlier several official decisions were made on expanding the authority of local soviets, and the population has not noticed changes in their work...

[Dubra] It is true, and there was also much that was useful in earlier resolutions. But unfortunately every aspect of the local soviet's work in carrying out a number of decisions depended on superior bodies. To put it more plainly, it could not act independently. I became convinced of this as a result of personal experience when I worked as mayor of Rezekne and Riga. The plan was passed down to the city soviet and factory from above, indicating the number of housing units, schools, kindergartens, and roads to build, as if we ourselves could not determine what our population needed. And the funds for putting these plans into practice were allocated by the republic's Gosplan [State Planning Committee].

Now it is another story. The local soviet itself has the authority within its own territory to decide which projects will be carried out, which paths should be taken to better meet the needs of the population, and how the money for this will be raised. It is not obliged to render an account before superior soviets. It can seek the approval of the population alone that elected it.

[Antropov] But situations could arise in which a decision by, say, a volost soviet conflicts with the interests of residents of the entire rayon or republic. What solutions do the laws propose for a conflict of this sort?

[Dubra] Yes, such situations are fully possible. Let us say that a city soviet wants to close an ecologically harmful enterprise which it can fully do without. But it is much needed by the entire republic, like for example the Sloka pulp and paper plant. Similar problems are also considered upon drafting the law, and procedures for resolving these kinds of conflicts have been determined. As a rule, the republic's Supreme Soviet will review them, and its decision will be final.

Procedures for reviewing claims by enterprises and individual citizens have also been devised. Damages that may result from local soviets making unauthorized decisions will be recovered by the courts.

[Antropov] What are the rights and duties now of the lowest link in local self-management?

[Dubra] Volost self-management bodies are obliged to deal with practically all questions of a volost or settlement's economic, social and cultural development. Within their province lies planning for construction, environmental protection, maintaining volost roads, questions of meeting the population's cultural and social needs, the regulation of employment, and the defense of citizens' rights. An important responsibility of volost soviets of people's deputies should be assistance in the development of agriculture, industry, trade, public catering, cooperation, and peasant farms.

In order to fulfill these and other responsibilities, a volost soviet has the right to create bodies it considers essential, to attract the specialists who can most effectively solve these problems, and pay them from its own financial resources.

[Antropov] Earlier the resources of not only village soviets but also other local soviets were highly limited. What will the new laws change about their economic base?

[Dubra] A lot. They will allow bodies of local self-management to acquire economic independence as well. Indeed, the procedure for creating their budget is undergoing fundamental changes. Now it will depend not on the kindness of superior bodies, but on how enterprising the local soviet itself is. By law the revenue comes from deductions from the income taxes of the population working in a given soviet's territory, turnover taxes, taxes on the profits of enterprises, and a transport tax. Normative deductions are already being worked out and will soon be presented for approval by the republic's Supreme Soviet. In addition to these monies, the budget will include taxes for the use of land, natural, and labor resources, a state tax, a tax on cooperatives and persons engaged in private labor activity, income from the leasing of property owned by local soviets, money from various lotteries and cultural and entertainment events.

According to the most modest estimates, income already for the coming year in many local soviets will climb 1.5 to two times. And that means that their ability to satisfy the needs of the population will also increase.

[Antropov] But can it not happen that a large part of the additional monies will go into expanding the bureaucracy of bodies of local self-management?

[Dubra] Such a danger does exist. A number of sessions of local soviets which have taken place in the republic remind us of this. For example, in Yurmaly and the Oktyabrskiy and Proletarskiy Rayons of Riga it was decided that a considerable amount of resources be allocated for expanding the bureaucracy of the soviets themselves. I think that such an approach will hardly please the voters. In my view the new laws should be put into practice starting at the other end. We must proceed in such a way that above all members of the population sense the changes in their lives.

In one locality it is clearly essential that the resources be procured for expediting housing construction. In another, priority goes to finding a way to improve the water supply. In a third locality, priority goes to moving ahead on resolving environmental problems.

Starting with the first days of work, it is necessary to learn anew how to earn the means for putting the outlined projects into practice. And we must count on strengthening ties with enterprises and farms located within the soviet's territory. It is important to conclude contracts with them which will be acceptable to both bodies of local self-management and worker collectives. And the laws create this possibility. By a general agreement, instead of paying taxes an enterprise may produce an equivalent amount of some kind of production or provide local soviets with needed material resources. They are already beginning to implement such an accounting procedure in Daugavpils.

[Antropov] So a great deal of work towards translating the new laws into reality awaits the people's deputies?

[Dubra] Yes, a lot today depends upon their persistence and ability. We understand that a number of new people who still lack experience have entered local soviets. They should be helped. So therefore the republic has decided to create an interagency working body for introducing local self-management and creating an integral system of true sovereignty of the people. I suppose that it will take the form of a department of local self-management, affiliated with the Latvian SSR Council of Ministers.

I am sure that even the republic's party committees will not distance themselves from this important business. Indeed, the faster the local soviets acquire independence, the faster people will sense the changes in their everyday lives.

Ukrainian Draft Law on Economic Independence Published

904A0471A Kiev PRAVDA UKRAINY in Russian
29 Apr 90 p 3

[Ukrainian SSR Draft Law: "Draft Law of the Ukrainian Soviet Socialist Republic: 'On the Ukrainian SSR's Economic Independence'"]

[Text] The Ukrainian SSR [UkSSR] Economic Soviet is submitting a draft UkSSR Law "On the Ukrainian SSR's Economic Independence" for nationwide discussion. This draft is based on the "General Principles of the Ukrainian SSR's Economic Independence" that were published in our newspaper on September 7, 1989 and take into account more than one thousand comments and suggestions that were expressed during discussions on them. Elaboration of the draft UkSSR Law was carried out based on materials prepared by scholars and specialists in Kiev, Kharkov, Lvov, Dnepropetrovsk, Odessa, and Donetsk.

An Economic Soviet working group summarized alternative variations and prepared this draft.

Draft Law of the Ukrainian Soviet Socialist Republic: "On the Ukrainian SSR's Economic Independence"

The Ukrainian Soviet Socialist Republic is a sovereign soviet socialist state that voluntarily entered the Union of Soviet Socialist Republics with other soviet republics. The property of the people of the Republic is the economic basis of the state property of the Ukrainian SSR. The territory of the Ukrainian SSR may not be altered or used without the consent of its people. The Ukrainian SSR in the person of its organs of power and administration independently exercises leadership of the Republic's economy in strict accordance with the Constitution and Laws of the UkSSR for the purpose of all possible development of the social and cultural sphere, protection of the environment, and satisfaction of the needs of citizens in material, social, and spiritual values. While implementing a policy of republic economic independence, the Ukrainian SSR combines its national state interests with the interests of the USSR as a soviet federative state. All enterprises, institutions, and organizations located on the territory of the Ukrainian SSR are obliged to comply with the laws of the Ukrainian SSR.

The legislative acts of the USSR that regulate economic relations are in force on the territory of the republic to the extent that they do not contradict the laws of the Ukrainian SSR.

Part One

General Provisions

Article 1. The Concept of the Ukrainian SSR's Economic Independence

The Ukrainian SSR's economic independence is a necessary condition for stable economic, social, and cultural

development of the people of the republic and is being implemented within the framework of the national economy of the USSR, taking into account the integrative processes in the world economy. The Republic independently determines the priority directions of economic activity, organizational structure, and forms and methods of economic management and administration of social production on its own territory and establishes economically justified relations in the intra-union and international exchange and cooperation of labor. All enterprises, institutions, and organizations located on the territory of the Ukrainian SSR are part of the Republic's national economic complex which functions on the principles of cost recovery, self-financing, and self-management.

Socialist enterprises that organize their interrelations with republic state administration organs and local self-governing organs on legal and contractual bases are the primary element of the Ukrainian SSR national economy's organizational structure.

Transfer to the Ukrainian SSR of enterprises and economic organizations located on its territory with all fixed and working capital is carried out by union ministries, committees, and departments free of charge based on a treaty between the USSR and Ukrainian SSR.

The Ukrainian SSR in the person of its supreme organs of state power and administration supports and guarantees the independence of the economic activities of juridical and natural persons and legal protection of their economic interests. Through the law, the state insures a gradual transition to market relations thereby creating conditions for effective development of the republic's economy.

Direct interference of republic organs of administration in the activities of enterprises is possible only in cases and according to a procedure provided for by the laws of the Ukrainian SSR.

Article 2. Primary Goals of the Ukrainian SSR's Economic Independence

The Ukrainian SSR's economic independence is called upon to insure:

- growth of national wealth and an increase of the republic population's ecological safety;
- free creative labor and self-affirmation of the individual;
- subordination of social production to the needs and interests of man in the material, social, and spiritual spheres of life;
- creation of the essential conditions for the Republic's transition to a new quality of life for its people;
- attainment of an advanced scientific and technical level and an effective national economic structure; and,

- provision of equal opportunities for free cultural, spiritual, and intellectual development to all nations and peoples residing on the Republic's territory.

Article 3. Primary Principles of the Ukrainian SSR's Economic Independence

The Ukrainian SSR's economic independence is based on the following primary principles:

- the variety of forms of property, excluding exploitation of man by man, and forms of economic management, their equality and legal protection;
- total economic independence of all juridical and natural persons;
- the combination of the republic's economic independence with the need to fulfill its obligations to USSR organs of state power and administration that are established on a treaty basis;
- development of commodity-currency relations in intra-republic and inter-republic economic relations, formation of a union-wide, republic, and regional market; and,
- the equivalence and mutual benefit of the republic's economic relations with the USSR, other union republics, and foreign states.

Article 4. Property Relations in the Ukrainian SSR

The property of the people of the republic forms the basis of the Ukrainian SSR's socio-economic system.

The land, its innermost depths, the airspace over the territory of the republic, internal and territorial waters, forests, the animal world, the resources of the economic zone of the Black Sea and the Sea of Azov that are adjacent to the territory of the Ukrainian SSR, and other natural resources are the exclusive property of the people of the Ukrainian SSR.

The primary means of production in industry, construction, agriculture, transportation and communications, banks, the property of sales, utilities, and other enterprises, and housing and social resources are also the property of the Ukrainian SSR.

In accordance with a Ukrainian SSR Supreme Soviet decision, the right to utilization of a definite part of the Ukrainian SSR people's property facilities can be transferred on a treaty basis to USSR state administration organs.

Facilities that are the property of the USSR and which are defined by an appropriate treaty between the Ukrainian SSR and the USSR can be located and utilized on the territory of the Republic in the manner prescribed by the laws of the Ukrainian SSR.

Facilities that are the property of other republics of the USSR, foreign states, their juridical and natural persons, and international organizations can also be located and utilized on the territory of the Republic in the manner prescribed by the laws of the Ukrainian SSR.

Article 5. The Ukrainian SSR's Jurisdiction in the Sphere of Economic, Social, and Cultural Activities

The Constitution of the USSR, the Constitution of the Ukrainian SSR, this law, current legal acts of the UkSSR and USSR, treaties and agreements between the Ukrainian SSR and the USSR in the person of their supreme organs of state power and administration are the legal basis for the delimitation of jurisdiction between the Ukrainian SSR and the USSR in the sphere of economic, social, and cultural activities.

The Ukrainian SSR independently resolves all issues of the republic's economic, social, and cultural development.

The Ukrainian SSR in the person of the supreme organs of state power and administration carries out:

- adoption of laws and other legal acts that insure the republic's economic, social, and cultural development;
- legal regulation of the activities of economic subjects located on the republic's territory;
- management of the republic's financial-credit system and money circulation;
- policy in the area of price formation, wages, and social security on the territory of the republic;
- management of the Ukrainian SSR's foreign economic activities;
- administration of rational utilization of the environment and environmental protection; and,
- formation of legal, organizational, and economic preconditions for development of market relations in the Ukrainian SSR.

Part Two**The Financial, Budget, and Monetary System of the Ukrainian SSR****Article 6. The Ukrainian SSR's Financial and Budget System**

The Ukrainian SSR's financial resources are formed by using republic state budget assets and extra-budget receipts, income of local self-governing organs, enterprises and organizations, banks, and citizens' personal incomes.

The basis of the republic's financial resources is the Ukrainian SSR State Budget which consists of the republic budget and budgets of local self-governing organs.

The general procedure for compiling and executing republic state and local budgets, their interrelationships, and also rights and obligations of budget fund managers is determined by the laws of the Ukrainian SSR.

Formation of income and expenditures of republic and local budgets is based on the principles of precise delimitation of sources of income and types of expenditures of each budget and establishment of long-duration standards of enterprise and organization budget withholding.

Mutually agreed deductions from the Ukrainian SSR's State Budget are made into the USSR Budget to cover expenditures of USSR state organs for carrying out functions that have union-wide significance.

The Ukrainian SSR participates in financing union-wide and inter-republic programs from its own budget on treaty principles.

Article 7. The Ukrainian SSR Banking and Monetary System

The Ukrainian SSR independently organizes banking and monetary circulation on its own territory in accordance with republic law and based on the same monetary unit as the USSR.

The republic's banking system consists of the Ukrainian SSR Emissions Bank that carries out its activities in coordination with the USSR State Bank on a contractual basis. Furthermore, commercial banks and other credit institutions are part of it.

The establishment of a ruble exchange rate with regard to foreign currencies, the rules for exchanging rubles, and procedures for buying and selling currency securities are within the purview of the USSR State Bank.

Article 8. Price Formation

In the Ukrainian SSR, state maximum retail prices and tariffs are applied to the most important goods and services in a socio-economic sense; state wholesale, purchase, and estimated prices for the period required to stabilize the market and monetary circulation; contractual (market) prices that are formed based on an agreement between a buyer and seller in accordance with supply and demand.

The list of commodities and services being sold and ordered in accordance with prices established and coordinated with the state, the procedures for declaring and coordinating prices, and other issues of price formation are regulated by the laws of the Ukrainian SSR.

Part Three**Administration of the Ukrainian SSR National Economy****Article 9. Principles of Administration and Forms of Economic Management**

The Ukrainian SSR organs of state administration:

- administer republic economic activities primarily using economic methods through taxes, standards, investments, bank interest, and preferences in accordance with the laws of the Ukrainian SSR;

- carry out development, financing, and administration of the implementation of republic national economic strategic development programs;
- determine rational proportions of utilization of national income that insure the republic's effective social and economic development; and,
- defend the economic interests of the Ukrainian SSR with regard to USSR organs of state administration, other republics, and foreign states.

Ukrainian SSR legislation creates equal opportunities for development of all forms of entrepreneurial activities and freedom in selection of economic management methods, directions of utilization of collective income and implementation of entrepreneurial investments while ensuring competition between producers and eliminating monopolism in the production of goods and services.

Article 10. Planning

The Ukrainian SSR's supreme organs of state power and administration and state local self-governing organs carry out complex economic and social development planning of the republic and regions and form proportions of national economic development of the republic and regions primarily through development of economic, scientific-technical, social, ecological, and other programs. The planning process determines the most advisable economic relations with other union republics and countries and participation in the development and implementation of USSR foreign economic relations.

Enterprises and organizations independently develop and approve their own plans using initial planning data, economic agreements and orders that have been concluded, and marketing data that are disseminated by republic and local government organs for this.

Regardless of forms of property, all enterprises coordinate drafts of their plans with appropriate executive committees of local Soviets of People's Deputies with regard to construction, infrastructure creation, work force utilization, consumer goods and services production, water, land, and forest utilization, environmental protection, and secondary resource, local types of raw materials and materials utilization.

Article 11. Employment and Regulation of the Population's Income

Insurance of conditions for total and effective employment of the economically active population and social guarantees for all categories of citizens is the initial [position] in republic labor resource utilization policy.

Republic and local organs, while implementing state employment guarantees, promote job placement, training, increasing personnel skills and, when necessary, also provide retraining for individuals released as a result of reorganization or improvement of production. Employment centers and services are being established

in the republic which are tasked with employment regulation issues, retraining released workers, and with insuring their social protection.

Worker hiring and firing procedures, wage systems, and work and relaxation regimes are independently established by enterprises based on Ukrainian SSR labor laws that exclude any form of exploitation and guarantee a minimum wage, safety, the maximum length of work time, and other guarantees that insure social protection of republic workers.

Regulation of the population's income is carried out through differentiated progressive taxation of citizens' individual incomes in accordance with Ukrainian SSR law.

Article 12. Scientific-Technical Development

The Ukrainian SSR establishes favorable conditions for development of basic research in the area of the social, natural, and technical sciences, for broad and effective application of the achievements of science and technology in all spheres of social life, and for social reorientation and humanization of republic scientific-technical and economic development. Financing of basic research in the republic is carried out using state budget assets, both republic and also USSR, and also assets of innovative banks and funds, including those formed on a share and stock basis.

The Ukrainian SSR stimulates enterprises and organizations through a favorable credit and tax policy and also uses effective sanctions against ecologically harmful and resource intensive production to accelerate development of scientifically intensive production and the introduction of resource conserving technology.

Article 13. Investment Activity

The laws of the Ukrainian SSR regulate investment activity of all enterprises, organizations, and Soviet and foreign citizens on the territory of the Ukrainian SSR.

The Ukrainian SSR independently organizes investment activity on its territory while promoting formation of an investment market, stock exchanges, and investment banks and while promoting social reorientation of the economy.

Disagreements and disputes with regard to structural development (reconstruction, equipment retooling, and expansion) of facilities, and also with regard to compensation for damages and losses caused by construction and subsequent operation of facilities are resolved under a system established by the laws of the Ukrainian SSR.

Soviet and foreign juridical and natural persons compensate the republic for all material damages and losses associated with construction on its territory (reconstruction, equipment retooling, and expansion) and subsequent operation of production and infrastructure facilities.

Article 14. Distribution and Development of Productive Forces

The Ukrainian SSR independently insures rational distribution of productive forces on the territory of the republic for the purpose of implementing scientifically based proportions of the economy, population employment, consideration of local social and national-cultural factors, environmental conditions, professional orientation of the population, and conversion of defense industry and diversification of heavy industry enterprises that surpass development of the social sphere. At the same time, the interests of neighboring union republics and countries are also taken into account.

The Ukrainian SSR carries out an independent demographic policy while considering the specific features of population reproduction and the quality of formation of the republic's work potential.

Article 15. Social and Cultural Policy

The Ukrainian SSR conducts a social policy that considers the interests of all groups and strata of society and that promotes attainment of a new quality of life, protection of man's health, growth of spiritual and physical potential, and provision of population social protection. It guarantees the preservation and development of all nations, prevention of social deviations, crises, and conflict situations, a balance of social relations and formation of an ecologically favorable habitat.

Social policy is closely tied in with cultural [policy] that insures growth of the spiritual potential of the people of the republic, rise of an educated, creative, and moral individual, and expansion of conditions for development of Ukrainian culture and also the cultures of those national minorities who reside in the republic.

Cultural policy also provides interrelated development of the technical, natural, and social sciences.

The organization of social and cultural life proceeds from regional programs developed by local self-governing organs with the participation of the entire territory's population.

Financing of social and cultural policy is carried out from republic and local budgets and also from social funds using assets of enterprises, the population, and other sources. Enterprise, organization, and citizen contributions for the development of the socio-cultural sphere are tax-free.

Article 16. Environmental Protection and Rational Utilization of the Environment

The Ukrainian SSR, while utilizing economic and administrative impact measures, independently regulates the relationship of utilization of the environment and environmental protection within the limits of its territory.

The population of the republic participates in monitoring the state of the habitat and its protection through local self-governing organs that establish local taxes for utilization of the environment and fines for damaging [the environment], the maximum allowable pollution standards, and also have the right to stop the operation of harmful facilities.

The Ukrainian SSR stresses international agreements and recommendations of international organizations on environmental protection and concludes inter-republic agreements on utilization of the environment and environmental protection.

Article 17. Territorial Self-Government

The Ukrainian SSR independently forms a system of territorial self-governing organs and establishes the legal basis of their activities.

Communal and municipal property forms the economic basis of local self-government.

Local budgets, extra-budget, and other financial assets of local self-governing organs, and also assets of state enterprises, organizations, cooperatives, and other social organizations, and the population that are raised in a manner prescribed by law form the financial basis for development of the social and production infrastructure and environmental protection on the territory of local Soviets of People's Deputies.

Local Soviets of People's Deputies:

- develop and approve the plan for administering the economy and create territorial socio-economic administrative development organs;
- aggressively promote the formation of territorial, intersectorial, and inter-economic associations that operate on the principles of cost accounting, and also creation of credit, joint stock, and other institutions;
- establish local taxes based on republic tax policy and use loans, monetary-material lotteries, and other additional sources to mobilize financial resources; and,
- carry out leadership of economic and social development of the territory based on development of purposeful complex programs with the broad participation of social organizations, workers collectives, and the population.

The Ukrainian SSR's supreme organs of state power and administration and republic organs of social organizations render assistance to local self-governing organs and examine and consider their appeals and suggestions in their activities.

Decisions adopted as a result of a local referendum that do not contradict the laws of the Ukrainian SSR are compulsory for execution by enterprises, institutions, citizens, and also local Soviets on this territory.

Article 18. Economic Relations with Other Union Republics

The Ukrainian SSR's economic relations with other union republics are regulated by treaties and agreements based on equality and mutual self-interest.

Republic enterprises and organizations enter into direct economic relations, cooperate with enterprises and organizations of other union republics, and form common associations, concerns, consortia, and unions.

Import and export of goods and services is carried out based on direct contracts between enterprises and trading organizations of various republics and also on the basis of treaties between the Ukrainian SSR and the USSR and union republics. Contract prices and also single union-wide state prices on a limited circle of goods defined by agreement among union republics and the USSR are employed in commodities exchange with other union republics.

The Government of the Ukrainian SSR establishes a list of commodities whose export is regulated by quotas and licenses.

Article 19. The Ukrainian SSR's Foreign Economic Activities

The Ukrainian SSR participates in the international division of labor and develops economic cooperation with other states based on the principles of equality and mutual benefit.

The Ukrainian SSR's organs of state power and administration have the right to conclude any international treaties in the area of economic activities if their force extends exclusively to the territory of the Ukrainian SSR.

The Ukrainian SSR forms its own state currency fund within the UkSSR State Budget using tax proceeds from enterprises, organizations, and citizens, and also compulsory purchases of part of the currency receipts of enterprises and organizations.

The Republic Currency Bank, which cooperates with the USSR Foreign Economic Relations Bank and foreign international banks, operates and is created under the control of organs of state power.

The Ukrainian SSR does not assume responsibility for fulfillment of obligations in accordance with international agreements of an economic nature that are concluded by other union republics. It assumes responsibility for agreements concluded by the USSR within the limits prescribed by the treaty with the USSR.

Enterprises and organizations located on the territory of the republic carry out their own foreign economic relations in accordance with the laws of the USSR and the Ukrainian SSR.

The Ukrainian SSR, being a sovereign state, actively participates in the activities of international economic organizations and considers their recommendations in its laws and administrative activities.

Article 20. Force of the Law on the Ukrainian SSR's Economic Independence

Previously adopted normative acts will be employed in the Ukrainian SSR if they do not contradict the Law on the Ukrainian SSR's Economic Independence until Ukrainian SSR legislation is put in order in accordance with this law.

This law enters into force on the day it is adopted.

Basis for Latvian Economic Independence Questioned

904A0327A Riga SOVETSKAYA LATVIYA in Russian
4 Apr 90 p 2, 5 Apr 90 p 3

[Article by Candidate of Economic Sciences A. Malinkovskiy: "Economic Independence: Illusions and Reality"]

[4 Apr 90, p 2]

[Text]

1. National Income and Prices

In Latvia today there is a very wide pallet of anxieties. Will the republic remain in the USSR Federation, or will it cooperate with the Union under confederative conditions? And perhaps it is best to secede completely from the USSR?

People want to know what awaits them if Latvia moves in one of these three directions. Today nationalist and extremist forces in the leading republic apparatus and many public formations quite purposefully run things toward Latvia's secession from the USSR. A year ago they did not even debate this problem. Other problems were being solved: It was necessary to continuously keep Latvia's nations in tension in order to form public consciousness in the direction that Latvia's Popular Front needed, which had nothing in common with the concern for the realization of the fundamental interests of Latvian and other nations in Latvia. Now there is a different situation: basically, decisions and "nooses," which destroy mechanisms of social justice and social protection for 1,300,000 of the republic's residents, have already been adopted. These are laws and decrees on Latvia's state and economic independence, cessation of migration, elections to bodies of power, and the state language.

And how do matters stand with the economy? How do we live?

It should be openly stated that we do not live within our means. Consumed national income in the republic is much bigger than produced income, even in current prices.

True, whereas in Estonia the excess of consumed national income over produced income was formed in 1965 and in Lithuania, after 1973, in Latvia it occurred in 1985. In the republic during the period from 1985 to 1989 the excess of consumed national income over produced income totaled almost 12.4 million rubles. The paradox lies in the fact that precisely during that period decisions on Latvia's state and economic independence were adopted at republic state and party levels. Independence from what? From the payment of the mentioned current debt?

In the course of the debates on whether the republic can live on the basis of cost recovery the opposing sides used different data: on shipments of products to and from the republic and on the volume of the republic's trade balance and balance of payments. However, owing to radically deformed production and economic relations among regions, these data often are incorrect. An examination of this problem through the prism of the ratio of used and produced national income in the republic, which, as is well known, is the only source of consumption and accumulation, will give a more objective picture.

However, the method of calculating produced national income suffers from a number of significant shortcomings. The inclusion in the amount of produced national income of the total volume of the turnover tax, which enters into the price of the final product, is one of them. Meanwhile, not only part of the value created during the production of the final product in the republic, but also part of the value of the surplus product created in republics, which supply agricultural raw materials for the production of fabrics, footwear, clothing, wine products, tobacco, and so forth, is realized in the turnover tax. Consequently, the amount of produced national income of republics, whose industrial structure has a higher proportion of group B sectors, on the goods of which the turnover tax is established, is overstated groundlessly. The Baltic republics and Latvia in particular belong to the republics with a significant proportion of group B. For example, in Latvia the proportion of consumer goods in terms of value in the total output makes up 43 percent, whereas, on the average, in the USSR it is only 26.8 percent.

The turnover tax, which is taken into account by statistics in our republic, in reality is created only partially here, but is taken into account fully. Hence the indicator of produced national income in our republic is overstated groundlessly. For example, in Latvia the proportion of the turnover tax in national income makes up 24 to 27 percent, whereas, on the average, in the USSR it is only 16 or 17 percent.

The appropriation of someone else's labor by means of the turnover tax creates a situation which aggravates economic and interethnic relations. The speech by deputy A. Khusanov (Uzbekistan) at the extraordinary 3d Congress of People's Deputies attests to this: "... During the last 40 years these Baltic republics have taken our raw materials for kopecks. Processing raw materials, they have made 30 to 40 rubles per kg of fiber for materials and shirts. The bulk of the income has remained in these republics... During these 40 years they have become rich and well-to-do. They consider themselves on the world level and us, backward."

If, however, another system of formation of the turnover tax in national income—in proportion to the labor expenditures of every region on agricultural raw materials necessary for the production of the final product—is used, produced national income, owing to the inclusion in it of the turnover tax created in this region, for example, in the Uzbek SSR would increase by 1.5 billion rubles, in the Azerbaijan SSR, by 1 billion rubles, and in the Moldavian SSR, by 900 million rubles, whereas in Latvia it would decrease by approximately 700 million rubles.

The calculation of produced national income in the existing price system is another significant shortcoming. This system does not give a true picture of the value ratios owing to the enormously unsubstantiated price distortion, that is, understated internal wholesale prices of raw materials (ores, ferrous and nonferrous metals, and so forth) and fuel-power resources and higher prices of final, especially consumer, products.

Wholesale price reforms in 1949, 1955, and 1967 envisaged a rise in prices of resource products and a reduction in their gap with consumer goods prices. However, the growth of expenditures on prospecting, on the delineation of regions of industrial extraction, and on the production of these resources has greatly increased the gap between firm low prices of these resources, which often do not reimburse for production costs, and prices (especially contractual) of final products.

For the republics, where the proportion of group B in the structure of industrial production is significant, this situation becomes a kind of Klondike. For them the wholesale price distortion system results in an undeserved appropriation of a significant part of the value created in other regions. For example, in 1987 the amount of appropriation of this value in Latvia's favor totaled 1.49 billion rubles, or 22.8 percent of the amount of the republic's national income. Thus, in 1987 national income actually created with the labor of the republic's population totaled not 6.543 million rubles, but only 4.353 million, that is, 33.5 percent less. And the annual per-capita amount of national income in the republic was not 15 percent higher than, on the average, in the USSR, that is, it was not 2,458 rubles, but only 1,644, that is, 21.4 percent lower than, on the average, in the USSR.

Arbitrariness rules not only in wholesale prices, but no less so in purchase prices. For example, in the Ukraine the production cost of pork is 1,946 rubles per ton, whereas the purchase price is 1,896 rubles, that is, the unprofitableness of pork production is 3 percent. In Lithuania, however, the production cost of pork is 2,128 rubles per ton, whereas the purchase price is 2,897 rubles. Profitability makes up 36 percent! "If you tell any capitalist that with a higher production cost people obtain a higher profit, he will die of laughter," Comrade Ivashko, first secretary of the Central Committee of the Communist Party of the Ukraine, said ironically in connection with this. "One cannot manage according to the principle 'some will do very well, while others can be ignored.' Ultimately, this can result in an intensification in social and interethnic dissension."

As production develops, the existing price distortion shows ever more perceptible negative results, which, in turn, hinders the development of the social sphere in republics producing resource products. For example, in connection with the low internal wholesale prices of raw material (ore, metal, and so forth) and fuel-power resources in 1987 alone the RSFSR failed to obtain 28.8 billion rubles of national income, the Ukrainian SSR, 6 billion rubles, and the Kazakh SSR, 4 billion rubles.

The bigger the production volumes, the bigger the national income withdrawn from republics producing resource products.

For example, whereas in 1987 through the price distortion system 28.8 billion rubles of national income were withdrawn from the RSFSR, in 1990 this amount will be 40 billion rubles. And this despite the fact that more than 41 billion rubles of the net profit of enterprises located on Russia's territory are directly transferred to budgets of some Union republics.

The bigger the gap in prices of resource and final products, the bigger the national income consumed by the republic. For example, really consumed national income in Latvia in 1988 totaled 7.453 million rubles, whereas really produced income (with due regard for the elimination of all unsubstantiated distortions in prices of all resource and final products), only 4.831 million rubles. In order that Latvia may change over to a real cost recovery and economic independence under the existing production structure and direction of economic relations with the country's regions, it is necessary to additionally obtain an annual national income of 2.622 million rubles, that is, to increase it (not statistically, but really) by 35.2 percent as compared with the existing volume.

The unsubstantiated, owing to the price distortion, appropriation of a significant amount of national income is used, which is natural, for the creation of more favorable living conditions for the population. For example, among the Union republics the Baltic republics have the highest average wages of workers and employees, whereas the Kazakh SSR is in sixth place.

The Central Asian republics are in the last place. There is almost the same ratio in per-capita provision with housing and commodity turnover. Approximately the same applies to the amount of paid services in rubles per resident. It is generally accepted to think that this is the result of a higher level of social labor productivity and production intensity. Speaking at a session of the USSR Supreme Soviet, N. Nazarbayev, first secretary of the Central Committee of the Communist Party of Kazakhstan, stressed the following: "It is incorrect to repeat that in the Baltic republics 'people work better than in other regions, because they have such a secure life.' The roots are much deeper."

In what do these roots lie? In the fact that the existing administrative command system of national economic management creates conditions for the appropriation of the product of someone else's labor by some regions and denies others the right to appropriate their own product of labor.

Finally, another aspect of the situation created owing to the price distortion. In case the mentioned distortion is eliminated, in order to ensure the same production volume (with the same production structure), Latvia must significantly increase the funds used to pay for the raw material and fuel-power resources received at higher prices. In this case the reimbursement fund in the republic gross national product will increase from 61 to 70 percent, while national income will decrease from 39 to 30 percent, which corresponds to the structure of the gross national product of many poorly developed Afro-Asian countries.

[5 Apr 90, p 3]

[Text]

2. Regional Thinking—Deadlock in the Economy

The ideologists of the republic's economic independence, realizing the need to reduce the reimbursement fund and to increase production efficiency, propose to close or restructure a number of enterprises, especially those that consume many resources and whose products, basically, are used to meet the needs of other republics. At the same time, the possibilities of expanding science intensive industries, as well as the development of excursion-tourist and health improving-sanatorium services, are examined.

They calm the republic's residents, saying that such structural transformations will be deep and intensive and people will not have to suffer long. Such optimism is illusory. The proposed transformations, inevitably, will entail the most acute social conflicts and cause mass unemployment, especially among people who do not have a command of the state language. We have more than one million of them and, to say the least, it is naive to think that all of them will master the Latvian language in five years. I can be told that 66 percent of the Latvians freely use Russian as the working language. However, we would also like to mention that half a century was

needed for this—under conditions of the onslaught of the Stalinist regime and forced assimilation at that.

Where is the way out? In radical economic reforms, but within the framework of the country's entire national economic complex. If we want to advance this cause, we must fundamentally change the system of economic relations. First of all, we must carry out reforms in price formation and prices, in the financial and credit system, including taxes, and in the state order with the use of its competitive placement...

With regard to price reform the 1.9-fold increase in internal wholesale prices of coal, 2.3-fold, of petroleum, 2-fold, of gas, 1.3-fold, of petroleum refining products, and 1.24-fold, of chemical products, which is envisaged as of 1991, will by no means bring them to the level of world prices. For example, we will buy 1 ton of crude Nizhnevartovsk petroleum for 53 rubles, not for 23, but on the world market the price is 68 foreign currency rubles. One ton of Kuznetsk Basin coal will cost 34 rubles, not 18, but on the world market it is (in terms of internal market prices) 65 rubles, and so forth.

Ultimately, as a result of economic reform, the federation should be renewed, that is, economic relations among republics and regions should be changed radically so that in every republic an enhancement of the people's quality of life would be possible only on the basis of a real increase in national income in this republic.

Nationalist and extremist forces in the republic, seeking to introduce the possibility of implementation of economic independence and secession from the USSR into the consciousness of Latvia's nations, focus attention on the ratio of shipments of products to and from the republic, not on an analysis of the ratio of consumed and produced national income. They seek to demonstrate that the republic ships out more than it ships in. For this purpose they include the value of what is not the republic's property and is not financed from the republic budget in the sum of value of shipped out goods.

Calculations of the difference between the volume of goods taken out from the republic by "buyers" and the volume of goods purchased by the republic's residents in other regions are also incorrect. The following figures often appear in the republic press: Goods worth 600 million rubles are annually shipped from the republic and goods worth 215 million rubles are annually shipped to it. The balance is 385 million rubles. The data on goods taken out by "buyers" can also be obtained with a great degree of vagueness on the basis of expert evaluations. However, where, when, and by what scientific method is it possible to obtain data on how many goods and food products did the republic's residents purchase in trade, in public dining, and on kolkhoz markets in other regions?

In our opinion, the data on shipments of products to and from the Union republics in 1987, which are published in the organ of the USSR Council of Ministers PRAVITELSTVENNYY VESTNIK, No 5 of this year, are quite

correct. They include not only an interrepublic exchange of domestic products, but also the economic turnover of exports and imports (all data are given in intra-Union prices). In Latvia: in 1987 shipments to the republic, including imports, totaled 5.593 million rubles in intra-Union prices. In 1987 shipments from the republic, including exports, totaled 4.693 million rubles in intra-Union prices. The excess of shipments to the republic over shipments from it totaled 900 million rubles. Even if the value of the livestock products delivered to the all-Union stock is taken into account, the excess of shipments to the republic will total 555 million rubles. The development of the republic's economy vastly depends on deliveries from the Union. Our residents openly raise the following question: Who will make up for the shipments of goods worth 550 million rubles to the republic, which are not covered by shipments from it, in case Latvia changes over to confederative relations with the Union? How will Latvia's economic independence be ensured? Who will buy Latvian goods worth 4.3 million rubles and where? Such is the volume of present shipments to the Union, while exports from Latvia to the world market account for only 8 percent. The ideologists of separatism should also answer the following question: Is it possible to easily and rapidly shift to other markets without inflicting serious economic and social damage on ourselves? Moreover, the USSR will not be able to be a major trade partner. It will spend its currency on the purchase of better-quality and cheaper industrial and food products on European, American, and Asian markets.

Naturally, Latvia's secession from the Union presupposes the construction of economic relations not on the basis of internal prices, but equivalent relations, which can arise only on the basis of world market prices. To insist, essentially, on confederative relations and, at the same time, to take advantage of the benefits of the internal, even if empty and undeveloped, market with its internal price distortions means to seek advantages for oneself alone.

In the republic there is no shortage of talks about the need for a balance of interests of the different nations living in it. The ideologists of Latvia's Popular Front have also begun to talk about the need for national consent. The republic leading apparatus also constantly stresses the need for establishing a balance of interests between Latvia and the Union as a whole and, counting on the low level of ordinary consciousness, tries to explain the establishment of equivalent relations between Latvia and other republics. An impression of correctness in the moral and economic behavior of these people and in their lack of desire to live at the expense of nations of other republics is created externally. At the same time, when solving specific problems, "they pull the blanket only on themselves." For example, A. Gorbunov in his first speech at the 9th session of the Latvian SSR Supreme Soviet, after his election to the post of chairman of the Presidium of the republic's Supreme Soviet, states: "Whatever problems we may discuss, the

interests of the native nation should be the initial point in their solution." He also follows this line today. The appeals by A. Gorbunov, Ya. Vagris, V. Bresis, and others for the establishment of equivalent relations, whether they want it or not, are a fig leaf covering the attempt to appropriate part of the labor expended on the production of goods by the population of other republics.

In reality, however, no equivalent relations exist now. In order to establish them, time—and considerable at that—is needed. Such relations are formed among commodity producers on the basis of expenditures on the production and circulation of goods, that is, their value. In brief, the time needed includes not only socially necessary labor expenditures on the production of goods. Expenditures on circulation, as well as the dynamics of the ratio of supply and demand for a given or an interchangeable commodity, which changes under the effect of various forms of competition, should also be kept in mind.

We do not have such a market. For all practical purposes competition does not exist. The monopoly of producers rules. For now antimonopoly legislation exists only in the heads of workers of the USSR Council of Ministers. Under these conditions consideration of the ratio of supply and demand in a price is impossible. Owing to these reasons, in our republic prices of goods do not express their value. Therefore, a real economic market and equivalent relations do not yet exist. Will the market not exist for a long time? Time forecasts are still complicated here.

The administrative command system was being established for almost 50 years—from the middle of the 1920's until the beginning of the 1980's. The latest measures to strengthen it were adopted in 1972, 1973, and 1979. The path to a socialist market is thorny. It is necessary to study and to critically assimilate the experience of the regulated market of modern neocapitalism and to go to the unexplored—to a planned market economy of socialism, preserving and developing the social protection of workers along the entire path of progress.

The difficulties in the establishment of a socialist market do not rule out, but conversely, presuppose the implementation of major measures to eliminate the conditions of appropriation by some republics of the results of labor in other regions. They include the following: delimitation of the powers of supreme bodies of power and administration of the USSR and the Union republics, determination of their financial and credit interrelations, ensuring the guarantees of the rights and responsibility of the USSR and the Union republics, and decentralization of the management of economic and social spheres by strengthening the combination of cost-accounting interests of enterprises and local bodies of power. An accelerated adoption of the law "On the Principles of Economic Relations of the USSR and the Union Republics" will contribute to all this.

In case of Latvia's secession from the USSR and its contact with integrated Europe and with the world market it should have a flexible diversified industry, not only one concern—RAF. In case of deterioration in market conditions this industry, as a minimum, should be capable of shifting to the production of another product immediately. Otherwise, it cannot survive. A state that does not have its own mineral resources, all-around developed science, and a system for training personnel in all the required fields of specialization cannot create such an industry with its own funds. Therefore, it will be forced to live by begging with all the ensuing economic, political, and social consequences.

Activists of Latvia's Popular Front and of other formations kindred in spirit to it console themselves and, especially, the Latvian population with the thought that the separation from the USSR, possibly, will be followed by serious social and economic difficulties of a short-term nature, but then a stable flourishing will come. At the same time, they refer to Finland's example, but they forget that Finland's economy experienced difficulties during the first 60 years of this country's independent existence—the lifetime of almost two generations. The opportunity of widely utilizing development results, when an intensive mastering of the Soviet market began, opened up only to the third generation in the middle of the 1970's.

In Latvia, where during the past 50 years practical experience under conditions of equivalent market relations and a competitive struggle disappeared completely, the crisis will last longer and will have much more acute forms of manifestation owing to the republic's vast technical backwardness as compared with other states, as well as the absence of reliable sales markets and sources of raw materials under conditions of the fierce European competitive struggle. Nor will the assistance of the "good uncles" help here.

For the same reasons, counting on the possibility of getting out of social and economic difficulties through the development of agriculture, by producing ecologically pure products, is illusory. Furthermore, in Latvia's agriculture produced national income—the only source of consumption and accumulation—makes up only 25 percent of its total production volume. Therefore, owing to this insignificance, its growth cannot have a serious effect even on the stabilization of the social and economic situation. Furthermore, the present unsuccessful experience in the entry of the formerly famous Lithuanian bacon into the European market is before us. The attempt to reserve for Lithuania a permanent place on the European food market did not succeed.

If we recalculate shipments to and from the republic in terms of world prices, the picture will look as follows: In 1987 shipments to the republic totaled 5.271 million rubles and from it, 3.55 million rubles. The excess of shipments to the republic over shipments from it totaled 1.721 million rubles. Who and from what sources can annually pay for shipments to the republic unsecured by

shipments from it? After all, it would be necessary, for example, to give back 1.721 million rubles out of the annual national income of 4.353 million rubles really produced (with due regard for the withdrawal of part of the value owing to the price distortion) by the republic in 1987. Hence per-capita national income from 2.458 rubles in 1987 would be reduced to 994 rubles annually. Latvia's population would begin to live almost 2.5-fold worse than under present conditions.

If, indeed, the republic embarks on the path of secession from the USSR and "gaining" of economic independence with an aggravation of social problems, this will inevitably lead to a breakdown of Latvia's territorial integrity into various autonomous national communities of various ethnic groups. In turn, it is not difficult to foresee that such a course of events will boomerang on the population's interests and, inevitably, the emotional euphoria will be followed by a painful sobering up. The theoreticians and propagandists of economic separatism, who, allegedly, are concerned about the interests of the Latvian people, should not forget this.

In conclusion it should be stressed that the approaches, figures, and calculations presented in this article are no secret to anyone and skilled economists and politologists are well familiar with them. For some reason these realities of our life have not become known to Latvia's nations themselves, which are capable of determining their fate without guides.

Novokuznetsk Becomes Self-Financing, Self-Managing City

904A0232A Moscow *RABOCHAYA TRIBUNA*
in Russian 3 Mar 90 p 2

[Interview with Albert Ivanovich Lenskiy, 1st secretary of the Municipal Party Committee in Novokuznetsk by V. Badov; date and place not given]

[Text] Novokuznetsk has acquired the status of a city of republic subordination. Henceforth it is free to form independently its own budget and plan for socio-economic development.

Lenskiy is accustomed to working at a tapping hole of a blast furnace and on the stage. He is not offensive either in voice or appearance; in the not-too-distant past he was an amateur opera singer. He headed up the party committee of a blast furnace at Zapsib. Today he is the 1st secretary of the Municipal Party Committee in Novokuznetsk. Albert Ivanovich Lenskiy is his own man in the working environment. He has directed the work of the best minds in the city, which is referred to as the "steel heart" of Siberia and he has also given attention to the concept "Novokuznetsk: cost accounting for a city." We held a discussion with Lenskiy on a wonderful day, a day when the government of the RSFSR approved a new legal status for the city.

[Badov] A wonderful event occurred today for the residents of the city of Novokuznetsk. Could you tell us about it?

[Lenskiy] Yes, today at 12:40 hours, the chairman of the Council of Ministers of the Russian Federation, Aleksandr Vladimirovich Vlasov, signed a decree conferring upon the city of Novokuznetsk the status of republic subordination. What does this mean? First—the city will form its own budget independently. According to the norms for withholdings which exist throughout the republic. Second—the right to form independently its plan for social-economic development. Henceforth we are free to determine for ourselves the best goals for the appropriation of funds. The city remains within the structure of Kemerovo Oblast.

[Badov] This new status obviously implies that the city will exist on earned income.

[Lenskiy] Yes, this is true. It also existed on earned income in the past, but the amount of our share was determined by the "guidance" center in the capital. Resources were divided up by the oblast. Henceforth, our proportion of the profit earned by the city will be determined by a constant percentage. Novokuznetsk will be given a separate line in republic planning. If conflicts arise with the oblast, a judgment will be made by the government of Russia or one of its departments.

[Badov] What is the total income of Novokuznetsk?

[Lenskiy] We are producing four billion rubles' worth of products. Our profit is approximately one billion and the city's budget is 125 million rubles. And in the future it will increase to 188 million and perhaps even more! And if we base our calculations on sound social norms, then the budget must increase to one half billion rubles. All of this is in the future. And all of this money must still be earned. What is changing the status? Compared to earlier when there were many people who maintained that they were not receiving money because their leaders were unable to "cope" and thus they lived poorly, today everything is changing. We are converting over to cost accounting and self-financing, just as is being done throughout the entire Kuznets Basin. I should add that the budget will be augmented not only by profits from enterprises but also by turnover tax, income tax and foreign economic activity.

[Badov] A peculiarity of our city is the fact that it is an ancient private domain of the former Minchermet [Ministry of Ferrous Metallurgy].

[Lenskiy] You are not entirely correct. First of all, Novokuznetsk has never been the private domain of any one ministry. In our city there are 14 enterprises of union subordination and they are large enterprises. In addition, there are 21 of republic subordination. I would say that our city has throughout been the private domain of at least three ministries—metallurgy, with approximately 70,000 workers in this area, Minugleprom [Ministry of

the Coal Industry] (and Novokuznetsk procures 25 million tons of coal), and we have 70,000 miners and the MPS [Ministry of Railways] with its staff of 18,000 personnel. There are also 85,000 construction workers. Thus these ministries set the tone and displayed concern for departmental interests. We have many interpretations for independence, forgetting for the moment that today independence is being provided in large measure by the Law on Enterprises and the Law on Leasing. Much can be accomplished if we proceed in an intelligent and correct manner and do not act timidly. We have been carrying out such a policy for some time now and an independent coal concern has been organized. A construction concern has also appeared. I believe that such cost accounting independent structures will soon appear in domestic services, trade and municipal services. The creation of free enterprises will go even farther. And the role played by the ministries will tend to decline with the conversion over to market relationships. The mechanism of price formation—here is the chief stumbling block.

It is unfortunate that we are all accustomed to working while relying upon the state. Everyone is waiting for somebody to give them something or bestow a favor upon them. Today the rules of the game in economics are changing. Not all of the enterprises are capable of earning dividends that will enable them to live and develop in a comfortable manner. They must find the necessary funds, including through the issuing of shares of stock. Thus, I not only do not exclude joint stock principles, but I believe that we must rely upon the self-financing of labor collectives in the political program for actions by the state party organization. During the stagnant years, we became accustomed to narrow-minded thinking. An extra kopeck earned by a plant we were inclined to issue in the form of raised wages. Fewer individuals were concerned with lowering material expenditures per unit of output. It is only the immense natural resources of our country that allow us to engage in such extravagances.

[Badov] Mention should obviously be made here of the senseless nature of our domestic prices for metal and coal.

[Lenskiy] This is a clear injustice. Up until now, the administrative-command system has tolerated abnormal disproportions in price formation. For example, a plastic brooch is considerably more expensive than a cast iron damper for a stove. A simple anecdote. How much should we pray for a subsidy mechanism that would support life in the branches of heavy industry? It is a clear injustice when the coal industry, which constitutes the foundation of our economy, exists on subsidies.

[Badov] There is obviously a problem which makes cost accounting for the city problematical, in which heavy industry is represented for the most part. This is the decrepit condition of the fixed productive capital. If metallurgy converts over to self-financing, then tremendous credit funds will be required for the renovation of

fixed capital. Like it or not, the proportion used for consumption will have to be reduced.

[Lenskiy] Truly, your statement applies especially to old enterprises. Where will the money come from for capital replacement? Here we must use our heads. It makes no sense to modernize the Kuznetsk combine building, which was built in 1929, instead, new assemblies should ideally be built at Zapsib.

[Badov] The Kuznetsk combine is located two kilometers from the center of Novokuznetsk with its population of 600,000. The city's ecology is suffering. In response to criticism in the local press, Minchermet has pleaded for the combine to be dismantled by the year 2000. It makes no sense, it maintains, to invest hundreds of millions of rubles in improving it from an ecological standpoint. But the year 2000 is not too far off. And the sly nature of these promises is apparent. Is it not possible that the Kuznetsk combine will still be operating in the year 2000 and its ecological workload will not have been lowered?

[Lenskiy] I believe that the ministry's approaches have changed. The city is applying itself in a very serious manner to the matter of ecology. The people are uneasy. Three variants for the modernization of the Kuznetsk combine were recently discussed in a heated manner. Regardless of which variant is chosen, the task will be the same: by the year 1996, the discharges must not exceed the maximum permissible concentrations. Such was the decision handed down during a session of the municipal council. Otherwise, severe economic sanctions will be employed. We still have a great amount of ignorance when it comes to understanding the acute nature of the ecological problem. I will state very bluntly that the scandalous state of planning work and science, in matters concerned with the cleaning up of discharges, such as we have in the Soviet Union, in my opinion is not to be found in developed countries. And are we really unable to create modern means for carrying out such cleaning work?

[Badov] Could it be that the problem is not that we are unable to, but rather that we do not wish to bear the expense?

[Lenskiy] We are not accustomed to such expense. Indeed, industrial "mastodons" are being created at the present time, but their effectiveness is very low. Thus here, whether we like it or not, we return to the thought that we should benefit from the participation of foreign capital and technologies on a direct, businesslike and share basis. And not on those fiscal principles wherein we purchase "iron" through foreign trade offices, that is, equipment that we use for procuring raw materials.

[Badov] What do you see as the path to be followed for achieving a more harmonious union of the industrial potential of Novokuznetsk with the international market?

[Lenskiy] Enterprises must be granted greater freedom such that they will be able to sell their own products.

Currency can be earned abroad only through the marketing of high quality products. Or...

[Badov] Or by means of dumping, sales carried out at lowered prices.

[Lenskiy] Last year our ferroalloy plants cautiously made their goods available to the international market. The capitalists accepted them at the rate of 1,900 dollars per ton. And this year they stated: supply us at the rate of only 1,000 dollars per ton. Why? Yes, because they themselves are blocking the road. I believe that the high road for reaching the international market requires a sharp increase in the quality of the products and in efficiency. This is the only path available to us. Our consciousness still reposes at the pre-perestroyka level. We are consumers. We maintain that we work well and that our results should conform to the level of our work. Yet the introduction of a cost accounting model for the city requires another type of reflection and control.

[Badov] But the city can become impoverished as a result of this model if it is not employed in a skilful manner.

[Lenskiy] You are completely right. It is a two-edged sword.

[Badov] Who will direct the city's life: just as in the past, the municipal party committee or will it be the new council? Or will it be a combination of the council and the municipal party committee?

[Lenskiy] The municipal party committees have constantly interfered in the work of the councils, because the latter do not have true authority. Neither money, nor authority or control over the union enterprises. There are 14 enterprises of union subordination in our city. They report directly to the ministries and to the USSR Council of Ministers. How can the local council compete with them? The only way that we could influence them is to pull them by their coattails, that is to say by their party cards. Otherwise, how would it be possible to merge the interests of Novokuznetsk and the ministries, the enterprises of which are located in the city?

[Badov] By illegal regulation?

[Lenskiy] Yes, illegally.

[Badov] And what tactic would be employed for converting over to legal regulation?

[Lenskiy] I believe that all social-economic life in the city must be directed by the councils and only by the councils. They need authority if they are to have a strong and increasing budget. And in order to prevent its sources from drying up, concern must be displayed for the enterprises—the city's constant breadwinners. The party organization must carry out its policies through communists who work in the councils, in the economic organs and at working positions. And that is all.

[Badov] As 1st secretary, are you morally ready to assist in the formation of such a sovereign municipal council?

[Lenskiy] I have been ready for some time. I do not see any drama here for an intellectual party worker.

[Badov] You have informal organizations and strong working committees in the city. They will campaign for representation in the new council. What are your relationships with them?

[Lenskiy] We are striving to develop constructive relationships, especially with the working committees. It is my opinion that they must be found at each enterprise. In addition to the councils of labor collectives. Because the STK [labor committee council] is concerned more with economic problems. It is in essence a collective director. And a working committee is a type of political center. We, the municipal committee, support the candidates of working committees during elections.

[Badov] And did you maintain contact during the fiery period of strikes which burst forth last summer?

[Lenskiy] Contact was constantly maintained. No conflicts arose. We immediately supported the miners.

[Badov] To the extent that I am aware, not all of the party committees immediately supported the requirements of the strikers.

[Lenskiy] Possibly. There was no problem in either Ordzhonikidzevskiy or Shakhterskiy rayons. Even the mandates of the members of the strike committee were issued under the signature of the secretary of the rayon committee. The fact that at the present time we are in agreement regarding all of the problems involved is another matter entirely.

[Badov] At times, from force of habit developed during the stagnant years, they oppose the workers and intelligentsia. As far as I know, the creation of a document on a self-governing cost accounting city involved a great amount of participation by the local technical and creative intelligentsia.

[Lenskiy] True. It is old fashioned today to state that the working class is the predominant force. Our main support is the technical and creative intelligentsia. It is the intellectual potential of society that all of us must protect.

[Badov] And if there are no opponents, will the social organizations stand off to the side from the municipal committee?

[Lenskiy] Generally speaking, all of us stand on the same side.

[Badov] Did they publish the concept of a cost accounting city and self-government in KUZNETSKIY RABOCHIIY?

[Lenskiy] It was published in like manner as all documents which are created in a municipal party organization. Including a draft political platform.

[Badov] Would you mention briefly the political platform of the Novokuznetsk communists?

[Lenskiy] If the goals are to be described in two words, then the quality of life of each individual is viewed as being of primary importance. Instead of the notorious "more complete satisfaction of requirements." In this manner we would somehow overturn the theory underlying the building of a socialist society.

[Badov] In your opinion, did crude materialism reign earlier?

[Lenskiy] Yes. And an individual appeared as the means and not the goal.

[Badov] I am curious to learn your opinion regarding Mayakovskiy's slogan, who wrote enthusiastically of Kuznetsstroy: "Here there will be a garden-city!" Indeed, this slogan has not been realized.

[Lenskiy] Why has it not been realized? In Novokuznetsk there are enough parks and greenery.

[Badov] My intent was not to declare greenery but rather a garden-city as the focus of humanism.

[Lenskiy] Perhaps you are right here. In my opinion, Mayakovskiy viewed this matter from a utilitarian standpoint. That generation had another style of thinking. They dreamed precisely about a garden-city. Certainly, it would be wrong for us to say that we have a garden-city if we forget to mention our ecology. A garden-city must still be created. We will refer to it in a humble manner: a city with an acceptable quality of life. We will approach it through our independence.

Interrepublic Trade Reported by Industrial Sector

904A0273A Moscow VESTNIK STATISTIKI
in Russian No 3, Mar 90 pp 36-53

[Report by the USSR State Committee for Statistics: "Economic Interrelations Between Republics in the National Economic Complex"]

[Text] The USSR State Committee for Statistics has summarized the data of intersectorial balances and delivery statistics characterizing the interdependence and cooperation ties of the union republics in 1988.

Almost one-fourth of the gross social product is involved in trade between the union republics. The import and export of products are characterized by Table 1 by union republics.

Table 1. Import and Export of Products by Union Republic (in current USSR domestic prices, in billions of rubles)

| Republic | Imports | | | Exports | | |
|-----------------|---------|---|---------|---------|---|---------|
| | Total | Interrepublic Exchange of Domestic Products | Imports | Total | Interrepublic Exchange of Domestic Products | Exports |
| RSFSR | 135.86 | 68.96 | 66.9 | 102.54 | 69.23 | 33.31 |
| Ukrainian SSR | 49.86 | 36.43 | 13.43 | 46.94 | 40.06 | 6.88 |
| Belorussian SSR | 17.84 | 14.17 | 3.67 | 19.92 | 18.22 | 1.7 |
| Uzbek SSR | 12.32 | 10.62 | 1.7 | 10.49 | 8.96 | 1.53 |
| Kazakh SSR | 16.4 | 13.7 | 2.7 | 9.1 | 8.3 | 0.8 |
| Georgian SSR | 6.49 | 5.22 | 1.27 | 5.9 | 5.5 | 0.4 |
| Azerbaijan SSR | 5.7 | 4.3 | 1.4 | 6.8 | 6.4 | 0.4 |
| Lithuanian SSR | 7.49 | 6.24 | 1.25 | 5.96 | 5.43 | 0.53 |
| Moldavian SSR | 6.1 | 5.0 | 1.1 | 5.06 | 4.8 | 0.26 |
| Latvian SSR | 5.6 | 4.6 | 1.0 | 4.9 | 4.5 | 0.4 |
| Kirghiz SSR | 3.77 | 3.0 | 0.77 | 2.56 | 2.5 | 0.06 |
| Tajik SSR | 3.49 | 3.02 | 0.47 | 2.33 | 2.0 | 0.33 |
| Armenian SSR | 4.88 | 4.02 | 0.86 | 3.76 | 3.68 | 0.08 |
| Turkmen SSR | 2.9 | 2.5 | 0.4 | 2.6 | 2.4 | 0.2 |
| Estonian SSR | 3.7 | 3.0 | 0.7 | 3.0 | 2.7 | 0.3 |

The economic interaction of the republics and the differences in the intensity of the interrelations are reflected in the substantial scale of imports and exports of products with respect to the amounts of production and consumption, which is apparent from the data in Table 2.

Table 2

| Republic | Percentage of Exports in Republic's Production | Percentage of Imports in Republic's Consumption |
|-----------------|--|---|
| RSFSR | 11 | 14 |
| Ukrainian SSR | 16 | 18 |
| Belorussian SSR | 27 | 26 |
| Uzbek SSR | 18 | 24 |
| Kazakh SSR | 12 | 20 |
| Georgian SSR | 26 | 27 |
| Azerbaijan SSR | 26 | 22 |
| Lithuanian SSR | 24 | 27 |
| Moldavian SSR | 28 | 27 |
| Latvian SSR | 24 | 27 |
| Kirghiz SSR | 21 | 28 |
| Tajik SSR | 21 | 29 |
| Armenian SSR | 28 | 29 |
| Turkmen SSR | 22 | 25 |
| Estonian SSR | 25 | 29 |

The particular features of economic development of many of the republics show that the smaller the region, the more intense its economic ties with other regions. It is not by chance that these republics have a high percentage of imports in republic consumption and exports in republic production. The percentage of imports and exports is less in large republics.

Another particular feature is that it would be practically impossible for the economies of a majority of the republics to function without importing fuel and raw material resources, many types of machinery and equipment, and chemical products.

The great dependence of the economies of many republics on the condition of the union market and their close economic cooperation with other union republics virtually rules out the possibility of their switching to the market of other countries in the next few years without serious economic detriment. Besides everything else, they need to improve the quality of products substantially and ensure their competitiveness, which will require considerable expenditures for modernizing the economies of these republics.

At the same time, there is reason to assume that during the transition to cost accounting some republics will make attempts to streamline economic ties among themselves on the basis of contract prices in defiance of the plans of central economic bodies and ministers.

In conditions of a unified economic complex, the republics' volumes of imports and exports of products depend on the specialization and cooperation of production and development of the productive forces of the republics. To a certain extent this is linked to the mineral-raw material conditions, environmental and climatic conditions, demographic prerequisites, national traditions, and the capital investment policy under which individual republics bear a higher investment load.

The differences between product imports and exports of individual regions are the result of the division of labor that has taken shape between the republics, the particular features of foreign trade, and also the imperfection of USSR domestic prices. The correlation of product imports and exports by union republics in 1988 is characterized by the data in Figure 3.

Table 3. Correlation of Product Imports and Exports by Union Republics in 1988 (in domestic prices, in billions of rubles)

| Republic | Excess of Imports (-) or Exports (+) | | |
|-----------------|--------------------------------------|---|-----------------------|
| | Total | Including | |
| | | Interrepublic Exchange of Domestic Products | Foreign Economic Ties |
| RSFSR | -33.3 | +0.3 | -33.6 |
| Ukrainian SSR | -2.9 | +3.6 | -6.5 |
| Belorussian SSR | +2.1 | +4.1 | -2.0 |
| Uzbek SSR | -1.9 | -1.7 | -0.2 |
| Kazakh SSR | -7.3 | -5.4 | -1.9 |
| Georgian SSR | -0.6 | +0.3 | -0.9 |
| Azerbaijan SSR | +1.1 | +2.1 | -1.0 |
| Lithuanian SSR | -1.5 | -0.8 | -0.7 |
| Moldavian SSR | -1.0 | -0.2 | -0.8 |
| Latvian SSR | -0.7 | -0.1 | -0.6 |
| Kirghiz SSR | -1.2 | -0.5 | -0.7 |
| Tajik SSR | -1.1 | -1.0 | -0.1 |
| Armenian SSR | -1.1 | -0.3 | -0.8 |
| Turkmen SSR | -0.3 | -0.1 | -0.2 |
| Estonian SSR | -0.7 | -0.3 | -0.4 |

For all republics (other than the Belorussian SSR and Azerbaijan SSR), the total volume of product imports exceeded product exports. The overall balance of product imports and exports is composed of two parts: the interrepublic exchange of domestic products (here the exports of some republics are the imports for others, and the total balance of exchange between them will equal zero) and the economic turnover for exports and imports (in inner-union prices), which accounts for more than two-fifths of the total volume of commodity exchange.

For the country as a whole, in 1988 exports exceeded imports in world market prices by two billion foreign-currency rubles. At the same time, the volume of goods imported into the country exceed the volume of those exported by 50 billion rubles in world market prices.

Our country imports 20 billion rubles' worth of machinery and equipment more than it exports, 16 billion rubles' worth more of food-flavoring goods (including raw materials), and 23 billion rubles' worth more of consumer goods. The excess of imports over exports is the result of the profitability of foreign trade. It is also tied to the high prices for imported goods within the country. An overall negative trade exchange deficit is taking shape to a considerable extent due to the excess of imports over exports (in domestic prices): by 86 percent in the Latvian SSR, by 80 percent in the Moldavian SSR, by 73 percent in the Armenian SSR, by 67 percent in the Turkmen SSR, by 58 percent in the Kirghiz SSR, 47 percent in the Lithuanian SSR, and so forth; but in the RSFSR, the Ukrainian SSR, and the Georgian SSR the unfavorable balance of foreign economic ties is covered by the positive balance in inter-republic exchange. Just in the Belorussian SSR and Azerbaijan SSR the overall balance of imports and export balance remains positive.

Five republics had a positive balance in interpublic exchange of domestic products: the RSFSR (260 million rubles), the Belorussian SSR (4.05 billion rubles), the Azerbaijan SSR (2.099 billion rubles), the Ukrainian SSR

(3.624 billion rubles), and the Georgian SSR (290 million rubles). The Central Asian and Baltic republics, the Kazakh SSR, the Moldavian SSR, and the Armenian SSR had negative a balance: from 97 million rubles in the Turkmen SSR to 5.349 billion rubles in the Kazakh SSR. In 1987, the Armenian SSR was an exporting republic by volume of interpublic exchange of domestic products (588 million rubles).

Particular features of price formation and certain other factors influence the results of product imports and exports.

We will cite some representative calculations based on the assumption of certain price changes, payment procedures between republics, and so forth.

In the case of distribution over the territory of the country of the turnover tax in proportion to the labor expenditures of each of the union republics in creating a taxable product (cotton and wool fabrics, knitted goods, wine, tobacco, and petroleum products), payment of subsidies by the republics consuming a subsidized product (meat and dairy products, sugar, canned fruits and vegetables, fish, cotton, and others), price changes for products of heavy industry in the direction called for by the suspended USSR Council of Ministers Resolution No 741 of 14 June 1988 on wholesale price reform, and also in the case of taking into account the balance of purchases and sales made by individuals traveling to and from the republics, the import-export balance will change as shown in Table 4.

Table 4. Changes in Import-Export Balance (in billions of rubles)

| Republic | Import-Export Balance Improved (+) or Worsened (-) | | | | | Overall Balance of Imports and Exports, Taking into Account the Above Factors |
|-----------------|--|--|---|---|---------------------------------|---|
| | Because of | | | | Total for All Indicated Factors | |
| | Redistribution of Turnover Tax | Compensation of Subsidies by Consuming Republics | Changes in Prices for Heavy Industrial Output | Balance Between Purchases and Sales by Visitors | | |
| RSFSR | -3.4 | -5.1 | +16.6 | +0.1 | +8.2 | -25.1 |
| Ukrainian SSR | -1.2 | +1.6 | -1.9 | -0.4 | -1.9 | -4.8 |
| Belorussian SSR | -1.1 | +1.7 | -2.1 | +0.6 | -0.9 | +1.2 |
| Uzbek SSR | +1.5 | -0.0 | -0.6 | -0.4 | +0.5 | -1.4 |
| Kazakh SSR | +0.2 | +1.0 | -0.2 | -0.5 | +0.5 | -6.8 |
| Georgian SSR | +0.6 | -0.3 | -0.4 | -0.7 | -0.8 | -1.4 |
| Azerbaijan SSR | +1.8 | -0.4 | +0.0 | -0.4 | +1.0 | +2.1 |
| Lithuanian SSR | -0.4 | +0.8 | -1.0 | +0.5 | -0.1 | -1.6 |
| Moldavian SSR | +0.9 | +0.3 | -0.6 | +0.6 | +1.2 | +0.2 |
| Latvian SSR | -0.2 | +0.4 | -0.5 | +0.5 | +0.2 | -0.5 |
| Kirghiz SSR | +0.3 | +0.1 | -0.3 | +0.03 | +0.1 | -1.1 |
| Tajik SSR | +0.4 | -0.1 | -0.2 | +0.2 | +0.3 | -0.8 |
| Armenian SSR | +0.2 | -0.3 | -0.2 | -0.2 | -0.5 | -1.6 |
| Turkmen SSR | +0.5 | +0.1 | +0.5 | -0.2 | +0.9 | +0.6 |
| Estonian SSR | -0.1 | +0.2 | -0.3 | +0.3 | +0.1 | -0.6 |

Thus, taking into account the influence of the above value factors, the import-export balance would have improved in 10 republics (the most in the RSFSR—by 8.2 billion rubles) and would have worsened in five (to

the greatest extent in the Ukrainian SSR—by 1.9 billion rubles). Two republics—the Moldavian SSR and the Turkmen SSR—would have gone from being importing to exporting republics.

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Balance | Including | | | | | |
|---|-----------|-----------|----------------------------------|---|----------|----------------------------------|--|----------|----------------------------------|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Balance | Import | Export | Export (+) or Import (-) Balance |
| RSFSR | | | | | | | | | |
| Total for material production sectors | 135,865.1 | 102,537.7 | -33,327.4 | 68,963.9 | 69,224.2 | 260.3 | 66,901.2 | 33,313.5 | -33,587.7 |
| Industry | 124,795.8 | 100,574.1 | -24,221.7 | 64,665.9 | 68,498.6 | 3,832.7 | 60,129.9 | 32,075.5 | -28,054.4 |
| Including: | | | | | | | | | |
| Electrical power | 527.1 | 591.3 | 64.2 | 527.1 | 490.7 | -36.4 | 0.0 | 100.6 | 100.6 |
| Oil and gas industry | 2,395.8 | 16,928.5 | 14,532.7 | 1,606.4 | 7,474.8 | 5,868.4 | 789.4 | 9,453.7 | 8,664.3 |
| Coal industry | 461.9 | 1,163.2 | 701.3 | 183.1 | 461.7 | 278.6 | 278.8 | 701.5 | 422.7 |
| Solid fuel industry | 25.2 | 2.6 | -22.6 | 25.2 | 1.8 | -23.4 | 0.0 | 0.8 | 0.8 |
| Ferrous metallurgy | 8,873.8 | 6,872.1 | -2,001.7 | 6,367.9 | 5,371.5 | -996.4 | 2,505.9 | 1,500.6 | -1,005.3 |
| Nonferrous metallurgy | 2,836.9 | 4,640.3 | 1,803.4 | 1,588.1 | 3,047.1 | 1,459.0 | 1,248.8 | 1,593.2 | 344.4 |
| Chemical and petrochemical industry | 11,672.9 | 11,087.8 | -585.1 | 6,189.2 | 8,252.7 | 2,063.5 | 5,483.7 | 2,835.1 | -2,648.6 |
| Machine building and metal working | 45,426.7 | 36,710.9 | -8,715.8 | 20,848.9 | 27,114.5 | 6,265.6 | 24,577.8 | 9,596.4 | -14,981.4 |
| Timber, wood processing, and paper and pulp industry | 2,141.3 | 7,235.0 | 5,093.7 | 795.9 | 4,177.2 | 3,381.3 | 1,345.4 | 3,057.8 | 1,712.4 |
| Construction materials industry | 1,327.7 | 1,318.2 | -9.5 | 751.8 | 1,152.3 | 400.5 | 575.9 | 165.9 | -410.0 |
| Light industry | 25,442.3 | 7,852.1 | -17,590.2 | 11,560.5 | 6,392.2 | -5,168.3 | 13,881.8 | 1,459.9 | -12,421.9 |
| Food industry | 21,698.3 | 3,743.8 | -17,954.5 | 13,135.0 | 2,598.3 | -10,536.7 | 8,563.3 | 1,145.5 | -7,417.8 |
| Other branches of industry | 1,965.9 | 2,428.3 | 462.4 | 1,086.8 | 1,963.8 | 877.0 | 879.1 | 464.5 | -414.6 |
| Agriculture | 9,544.9 | 637.3 | -8,907.6 | 3,950.1 | 333.0 | -3,617.1 | 5,594.8 | 304.3 | -5,290.5 |
| Other types of activities in the material production sphere | 1,524.4 | 1,326.3 | -198.1 | 347.9 | 392.6 | 44.7 | 1,176.5 | 933.7 | -242.8 |
| Ukrainian SSR | | | | | | | | | |
| Total for material production sectors | 49,862.3 | 46,935.3 | -2,927.0 | 36,431.6 | 40,055.2 | 3,623.6 | 13,430.7 | 6,880.1 | -6,550.6 |
| Industry | 48,121.9 | 44,538.4 | -3,583.5 | 35,964.4 | 37,930.0 | 1,965.6 | 12,157.5 | 6,608.4 | -5,549.1 |
| Including: | | | | | | | | | |
| Electrical power | 157.7 | 684.7 | 527.0 | 157.7 | 159.7 | 2.0 | 0.0 | 525.0 | 525.0 |
| Oil and gas industry | 3,978.8 | 762.0 | -3,216.8 | 3,918.9 | 345.3 | -3,573.6 | 59.9 | 416.7 | 356.8 |
| Coal industry | 414.3 | 948.1 | 533.8 | 295.2 | 256.2 | -39.0 | 119.1 | 691.9 | 572.8 |
| Solid fuel industry | 2.2 | 0.0 | -2.2 | 2.2 | 0.0 | -2.2 | 0.0 | 0.0 | 0.0 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|----------|----------|--|--|----------|--|---|---------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Ferrous metallurgy | 2,913.3 | 8,077.1 | 5,163.8 | 2,408.8 | 6,166.1 | 3,757.3 | 504.5 | 1,911.0 | 1,406.5 |
| Nonferrous metallurgy | 2,061.6 | 959.4 | -1,102.4 | 1,896.5 | 913.7 | -982.8 | 165.3 | 45.7 | -119.6 |
| Chemical and petro- chemical industry | 5,357.3 | 3,924.7 | -1,432.6 | 4,189.4 | 3,294.9 | -894.5 | 1,167.9 | 629.8 | -538.1 |
| Machine building and metal working | 16,582.4 | 17,218.8 | 636.4 | 13,063.3 | 15,695.7 | 2,632.4 | 3,519.1 | 1,523.1 | -1,996.0 |
| Timber, wood processing, and paper and pulp industry | 2,017.2 | 454.8 | -1,562.4 | 1,580.9 | 413.9 | -1,167.0 | 436.3 | 40.9 | -395.4 |
| Construction materials industry | 435.2 | 757.6 | 322.4 | 342.6 | 727.5 | 384.9 | 92.6 | 30.1 | -62.5 |
| Light industry | 8,562.4 | 2,846.6 | -5,715.8 | 4,907.6 | 2,608.6 | -2,299.0 | 3,654.8 | 238.0 | -3,416.8 |
| Food industry | 4,457.9 | 7,007.7 | 2,549.8 | 2,221.2 | 6,539.3 | 4,318.1 | 2,236.7 | 468.4 | -1,768.3 |
| Other branches of industry | 1,181.4 | 896.9 | -284.5 | 980.1 | 809.1 | -171.0 | 201.3 | 87.8 | -113.5 |
| Agriculture | 1,307.2 | 1,715.9 | 408.7 | 244.8 | 1,676.9 | 1,432.1 | 1,062.4 | 39.0 | -1,023.4 |
| Other types of activities in the material production sphere | 433.2 | 681.0 | 247.8 | 222.4 | 448.3 | 225.9 | 210.8 | 232.7 | 21.9 |
| Belorussian SSR | | | | | | | | | |
| Total for material production sectors | 17,843.8 | 19,917.2 | 2,073.4 | 14,171.4 | 18,221.7 | 4,050.3 | 3,672.4 | 1,695.5 | -1,976.9 |
| Industry | 16,785.6 | 19,482.6 | 2,697.0 | 13,716.9 | 17,796.0 | 4,079.1 | 3,068.7 | 1,686.6 | -1,382.1 |
| Including: | | | | | | | | | |
| Electrical power | 135.7 | 47.2 | -88.5 | 135.7 | 26.2 | -109.5 | 0.0 | 21.0 | 21.0 |
| Oil and gas industry | 1,803.7 | 1,497.9 | -305.8 | 1,801.4 | 1,157.3 | -644.1 | 2.3 | 340.6 | 338.3 |
| Coal industry | 71.9 | 0.0 | -71.9 | 58.9 | 0.0 | -58.9 | 13.0 | 0.0 | -13.0 |
| Solid fuel industry | 1.1 | 1.0 | -0.1 | 1.1 | 0.4 | -0.7 | 0.0 | 0.6 | 0.6 |
| Ferrous metallurgy | 1,392.1 | 212.0 | -1,180.1 | 1,328.6 | 197.5 | -1,131.1 | 63.5 | 14.5 | -49.0 |
| Nonferrous metallurgy | 457.4 | 70.0 | -387.4 | 406.0 | 68.8 | -337.2 | 51.4 | 1.2 | -50.2 |
| Chemical and petro- chemical industry | 2,364.4 | 2,560.9 | 196.5 | 1,974.3 | 2,249.4 | 275.1 | 390.1 | 311.5 | -78.6 |
| Machine building and metal working | 5,890.2 | 8,473.1 | 2,582.9 | 4,728.7 | 7,686.4 | 2,957.7 | 1,161.5 | 786.7 | -374.8 |
| Timber, wood processing, and paper and pulp industry | 469.7 | 486.6 | 16.9 | 383.0 | 454.5 | 71.5 | 86.7 | 32.1 | -54.6 |
| Construction materials industry | 268.4 | 241.0 | -27.4 | 238.9 | 230.9 | -8.0 | 29.5 | 10.1 | -19.4 |
| Light industry | 2,195.0 | 3,786.8 | 1,591.8 | 1,367.0 | 3,718.2 | 2,351.2 | 828.0 | 68.6 | -759.4 |
| Food industry | 1,456.5 | 1,712.8 | 256.3 | 1,034.8 | 1,693.0 | 658.2 | 421.7 | 19.8 | -401.9 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|----------|----------|--|--|---------|--|---|---------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Other branches of industry | 279.5 | 393.3 | 113.8 | 258.5 | 313.4 | 54.9 | 21.0 | 79.9 | 58.9 |
| Agriculture | 885.2 | 390.7 | -494.5 | 337.3 | 389.2 | 51.9 | 547.9 | 1.5 | -546.4 |
| Other types of activities in the material production sphere | 173.0 | 43.9 | -129.1 | 117.2 | 36.5 | -80.7 | 55.8 | 7.4 | -48.4 |
| Uzbek SSR | | | | | | | | | |
| Total for material production sectors | 12,327.1 | 10,486.9 | -1,840.2 | 10,623.7 | 8,957.2 | -1,666.5 | 1,703.4 | 1,529.7 | -173.7 |
| Industry | 11,682.2 | 9,174.2 | -2,508.0 | 10,217.3 | 7,700.5 | -2,516.8 | 1,464.9 | 1,473.7 | 8.8 |
| Including: | | | | | | | | | |
| Electrical power | 191.6 | 180.7 | -10.9 | 191.6 | 180.3 | -11.3 | 0.0 | 0.4 | 0.4 |
| Oil and gas industry | 1,000.4 | 641.6 | -358.8 | 968.3 | 619.2 | -349.1 | 32.1 | 22.4 | -9.7 |
| Coal industry | 37.6 | 14.5 | -23.1 | 37.6 | 14.5 | -23.1 | 0.0 | 0.0 | 0.0 |
| Solid fuel industry | 0.2 | 0.0 | -0.2 | 0.2 | 0.0 | -0.2 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 676.2 | 111.4 | -564.8 | 652.8 | 111.4 | -541.4 | 23.4 | 0.0 | -23.4 |
| Nonferrous metallurgy | 374.1 | 468.2 | 94.1 | 364.3 | 468.1 | 103.8 | 9.8 | 0.1 | -9.7 |
| Chemical and petro- chemical industry | 1,012.2 | 853.7 | -158.5 | 976.4 | 813.5 | -162.9 | 35.8 | 40.2 | 4.4 |
| Machine building and metal working | 3,292.5 | 1,302.8 | -1,989.7 | 3,152.2 | 1,203.2 | -1,949.0 | 140.3 | 99.6 | -40.7 |
| Timber, wood processing, and paper and pulp industry | 601.2 | 31.7 | -569.5 | 514.3 | 31.5 | -482.8 | 86.9 | 0.2 | -86.7 |
| Construction materials industry | 213.1 | 82.7 | -130.4 | 188.0 | 82.6 | -105.4 | 25.1 | 0.1 | -25.0 |
| Light industry | 2,205.1 | 4,575.2 | 2,370.1 | 1,492.8 | 3,278.6 | 1,785.8 | 712.3 | 1,296.6 | 584.3 |
| Food industry | 1,875.0 | 847.0 | -1,028.0 | 1,481.5 | 832.9 | -648.6 | 393.5 | 14.1 | -379.4 |
| Other branches of industry | 203.0 | 64.7 | -138.3 | 197.3 | 64.7 | -132.6 | 5.7 | 0.0 | -5.7 |
| Agriculture | 587.1 | 871.9 | 284.8 | 348.6 | 818.0 | 469.4 | 238.5 | 53.9 | -184.6 |
| Other types of activities in the material production sphere | 57.8 | 440.8 | 383.0 | 57.8 | 438.7 | 380.9 | 0.0 | 2.1 | 2.1 |
| Kazakh SSR | | | | | | | | | |
| Total for material production sectors | 16,420.1 | 9,164.8 | -7,255.3 | 13,686.4 | 8,337.1 | -5,439.3 | 2,733.7 | 827.7 | -1,906.0 |
| Industry | 15,989.9 | 7,592.5 | -8,397.4 | 13,464.1 | 6,772.7 | -6,691.4 | 2,525.8 | 819.8 | -1,706.0 |
| Including: | | | | | | | | | |
| Electrical power | 343.5 | 199.0 | -144.5 | 343.5 | 199.0 | -144.5 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 1,334.0 | 891.4 | -442.6 | 1,334.0 | 878.7 | -455.3 | 0.0 | 12.7 | 12.7 |
| Coal industry | 166.6 | 332.1 | 165.5 | 166.6 | 326.1 | 159.5 | 0.0 | 6.0 | 6.0 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Balance | Including | | | | | |
|---|---------|---------|---|--|---------|---|---|--------|---|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Balance | Import | Export | Export (+) or Import (-) Balance |
| Solid fuel industry | 0.9 | 0.0 | -0.9 | 0.9 | 0.0 | -0.9 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 1,099.1 | 1,049.9 | -49.2 | 1,010.9 | 862.9 | -148.0 | 88.2 | 187.0 | 98.8 |
| Nonferrous metallurgy | 243.8 | 776.4 | 532.6 | 241.8 | 482.4 | 240.6 | 2.0 | 294.0 | 292.0 |
| Chemical and petro- chemical industry | 1,578.8 | 1,031.5 | -547.3 | 1,462.3 | 966.3 | -496.0 | 116.5 | 65.2 | -51.3 |
| Machine building and metal working | 5,291.8 | 873.7 | -4,418.1 | 4,646.2 | 776.0 | -3,870.2 | 645.6 | 97.7 | -547.9 |
| Timber, wood processing, and paper and pulp industry | 939.0 | 25.7 | -913.3 | 772.9 | 25.5 | -747.4 | 166.1 | 0.2 | -165.9 |
| Construction materials industry | 314.4 | 146.0 | -168.4 | 285.8 | 143.9 | -141.9 | 28.6 | 2.1 | -26.5 |
| Light industry | 2,567.3 | 1,540.0 | -1,027.3 | 1,539.5 | 1,402.0 | -137.5 | 1,027.8 | 138.0 | -889.8 |
| Food industry | 1,807.5 | 648.3 | -1,159.2 | 1,376.8 | 631.6 | -745.2 | 430.7 | 16.7 | -414.0 |
| Other branches of industry | 303.2 | 78.5 | -224.7 | 282.9 | 78.3 | -204.6 | 20.3 | 0.2 | -20.1 |
| Agriculture | 367.8 | 1,523.5 | 1,155.7 | 160.1 | 1,516.4 | 1,356.3 | 207.7 | 7.1 | -200.6 |
| Other types of activities in the material production sphere | 62.4 | 48.8 | -13.6 | 62.2 | 48.0 | -14.2 | 0.2 | 0.8 | 0.6 |
| Georgian SSR | | | | | | | | | |
| Total for material production sectors | 6,492.9 | 5,900.8 | -592.1 | 5,218.4 | 5,508.1 | 289.7 | 1,274.5 | 392.7 | -881.8 |
| Industry | 6,117.7 | 5,610.0 | -507.7 | 4,986.4 | 5,232.5 | 246.1 | 1,131.3 | 377.5 | -753.8 |
| Including: | | | | | | | | | |
| Electrical power | 57.0 | 17.3 | -39.7 | 57.0 | 6.0 | -51.0 | 0.0 | 11.3 | 11.3 |
| Oil and gas industry | 413.0 | 100.0 | 313.0 | 379.9 | 4.8 | -375.1 | 33.1 | 95.2 | 62.1 |
| Coal industry | 19.5 | 7.8 | -11.7 | 19.5 | 7.8 | -11.7 | 0.0 | 0.0 | 0.0 |
| Solid fuel industry | 0.2 | 0.0 | -0.2 | 0.2 | 0.0 | -0.2 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 488.9 | 375.2 | -113.7 | 464.7 | 317.2 | -147.5 | 24.2 | 58.0 | 33.8 |
| Nonferrous metallurgy | 102.0 | 43.4 | -58.6 | 101.5 | 41.2 | -60.3 | 0.5 | 2.2 | 1.7 |
| Chemical and petro- chemical industry | 541.3 | 315.7 | -225.6 | 500.7 | 306.4 | -194.3 | 40.6 | 9.3 | -31.3 |
| Machine building and metal working | 1,532.9 | 847.9 | -685.0 | 1,437.7 | 814.4 | -623.3 | 95.2 | 33.5 | -61.7 |
| Timber, wood processing, and paper and pulp industry | 247.8 | 56.6 | -191.2 | 220.8 | 56.5 | -164.3 | 27.0 | 0.1 | -26.9 |
| Construction materials industry | 154.8 | 33.8 | -121.0 | 133.0 | 33.8 | -99.2 | 21.8 | 0.0 | -21.8 |
| Light industry | 1,220.6 | 1,275.4 | 54.8 | 836.1 | 1,217.0 | 380.9 | 384.5 | 58.4 | -326.1 |
| Food industry | 1,203.6 | 2,438.1 | 1,234.5 | 708.1 | 2,329.1 | 1,621.0 | 495.5 | 109.0 | -386.5 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Other branches of industry | 136.1 | 98.8 | -37.3 | 127.2 | 98.3 | -28.9 | 8.9 | 0.5 | -8.4 |
| Agriculture | 348.4 | 279.5 | -68.9 | 205.3 | 268.4 | 63.1 | 143.1 | 11.1 | -132.0 |
| Other types of activities in the material production sphere | 26.8 | 11.3 | -15.5 | 26.7 | 7.2 | -19.5 | 0.1 | 4.1 | 4.0 |
| Azerbaijan SSR | | | | | | | | | |
| Total for material production sectors | 5,672.2 | 6,782.0 | 1,109.8 | 4,258.2 | 6,357.5 | 2,099.3 | 1,414.0 | 424.5 | -989.5 |
| Industry | 5,371.0 | 6,483.3 | 1,112.3 | 4,162.9 | 6,075.1 | 1,912.2 | 1,208.1 | 408.2 | -799.9 |
| Including: | | | | | | | | | |
| Electrical power | 26.6 | 33.9 | 7.3 | 26.6 | 33.9 | 7.3 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 448.7 | 1,135.0 | 686.3 | 447.7 | 992.1 | 544.4 | 1.0 | 142.9 | 141.9 |
| Coal industry | 6.9 | 0.0 | -6.9 | 6.9 | 0.0 | -6.9 | 0.0 | 0.0 | 0.0 |
| Solid fuel industry | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 382.9 | 102.5 | -280.4 | 291.0 | 99.5 | -191.5 | 91.9 | 3.0 | -88.9 |
| Nonferrous metallurgy | 109.3 | 124.5 | 15.2 | 109.2 | 111.5 | 2.3 | 0.1 | 13.0 | 12.9 |
| Chemical and petro- chemical industry | 530.6 | 591.6 | 61.1 | 448.3 | 581.3 | 133.0 | 82.3 | 10.4 | -71.9 |
| Machine building and metal working | 1,346.5 | 1,046.4 | -300.1 | 1,089.7 | 936.5 | -153.2 | 256.8 | 109.9 | -146.9 |
| Timber, wood processing, and paper and pulp industry | 197.6 | 22.5 | -175.1 | 156.1 | 22.5 | -133.6 | 41.5 | 0.0 | -41.5 |
| Construction materials industry | 122.4 | 50.7 | -71.7 | 107.9 | 50.4 | -57.5 | 14.5 | 0.3 | -14.2 |
| Light industry | 1,010.1 | 1,556.5 | 546.4 | 597.3 | 1,467.9 | 870.6 | 412.8 | 88.6 | -324.2 |
| Food industry | 1,057.0 | 1,708.7 | 651.7 | 756.8 | 1,668.7 | 911.9 | 300.2 | 40.0 | -260.2 |
| Other branches of industry | 132.4 | 110.9 | -21.5 | 125.4 | 110.8 | -14.6 | 7.0 | 0.1 | -6.9 |
| Agriculture | 297.3 | 284.0 | -13.3 | 91.4 | 273.8 | 182.4 | 205.9 | 10.2 | -195.7 |
| Other types of activities in the material production sphere | 3.9 | 14.7 | 10.8 | 3.9 | 8.6 | 4.7 | 0.0 | 6.1 | 6.1 |
| Lithuanian SSR | | | | | | | | | |
| Total for material production sectors | 7,487.6 | 5,957.8 | -1,529.8 | 6,238.5 | 5,430.7 | -807.8 | 1,249.1 | 527.1 | -722.0 |
| Industry | 7,201.1 | 5,843.7 | -1,357.4 | 6,154.3 | 5,317.3 | -837.0 | 1,046.8 | 526.4 | -520.4 |
| Including: | | | | | | | | | |
| Electrical power | 91.0 | 164.2 | 73.2 | 91.0 | 164.2 | 73.2 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 1,048.1 | 485.4 | -562.7 | 1,047.4 | 306.7 | -740.7 | 0.7 | 178.7 | 178.0 |
| Coal industry | 55.1 | 0.0 | -55.1 | 19.3 | 0.0 | -19.3 | 35.8 | 0.0 | -35.8 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Solid fuel industry | 4.4 | 1.7 | -2.7 | 4.4 | 0.7 | -3.7 | 0.0 | 1.0 | 1.0 |
| Ferrous metallurgy | 394.1 | 33.0 | -361.1 | 370.0 | 30.4 | -339.6 | 24.1 | 2.6 | -21.5 |
| Nonferrous metallurgy | 185.7 | 8.3 | -177.4 | 180.5 | 8.2 | -172.3 | 5.2 | 0.1 | -5.1 |
| Chemical and petro- chemical industry | 836.6 | 369.7 | -466.9 | 767.1 | 358.7 | -408.4 | 69.5 | 11.0 | -58.5 |
| Machine building and metal working | 2,529.7 | 1,906.1 | -623.6 | 2,168.1 | 1,764.5 | -403.6 | 361.6 | 141.6 | -220.0 |
| Timber, wood processing, and paper and pulp industry | 236.8 | 267.2 | 30.4 | 218.2 | 244.1 | 25.9 | 18.6 | 23.1 | 4.5 |
| Construction materials industry | 99.0 | 79.0 | -20.0 | 89.4 | 71.8 | -17.6 | 9.6 | 7.2 | -2.4 |
| Light industry | 1,048.5 | 1,416.4 | 367.9 | 783.0 | 1,398.3 | 615.3 | 265.5 | 18.1 | -247.4 |
| Food industry | 551.1 | 1,062.7 | 511.6 | 301.4 | 921.2 | 619.8 | 249.7 | 141.5 | -108.2 |
| Other branches of industry | 121.0 | 50.0 | -71.0 | 114.5 | 48.5 | -66.0 | 6.5 | 1.5 | -5.0 |
| Agriculture | 282.9 | 110.5 | -172.4 | 80.6 | 109.8 | 29.2 | 202.3 | 0.7 | -201.6 |
| Other types of activities in the material production sphere | 3.6 | 3.6 | 0.0 | 3.6 | 3.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Moldavian SSR | | | | | | | | | |
| Total for material production sectors | 6,080.4 | 5,057.5 | -1,022.9 | 4,986.5 | 4,800.3 | -186.2 | 1,093.9 | 257.2 | -836.7 |
| Industry | 5,840.2 | 4,728.9 | -1,111.3 | 4,863.7 | 4,475.9 | -378.8 | 976.5 | 253.0 | -723.5 |
| Including: | | | | | | | | | |
| Electrical power | 13.0 | 104.9 | 91.9 | 13.0 | 10.6 | -2.4 | 0.0 | 94.3 | 94.3 |
| Oil and gas industry | 513.9 | 0.0 | -513.9 | 513.9 | 0.0 | -513.9 | 0.0 | 0.0 | 0.0 |
| Coal industry | 136.3 | 0.0 | -136.3 | 135.8 | 0.0 | -135.8 | 0.5 | 0.0 | -0.5 |
| Solid fuel industry | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 318.8 | 60.4 | -258.4 | 310.6 | 51.3 | -259.3 | 8.2 | 9.1 | 0.9 |
| Nonferrous metallurgy | 179.5 | 0.0 | -179.5 | 157.3 | 0.0 | -157.3 | 22.2 | 0.0 | -22.2 |
| Chemical and petro- chemical industry | 680.6 | 190.6 | -490.0 | 582.1 | 190.2 | -391.9 | 98.5 | 0.4 | -98.1 |
| Machine building and metal working | 1,796.2 | 963.2 | -833.0 | 1,603.7 | 924.4 | -679.3 | 192.5 | 38.8 | -153.7 |
| Timber, wood processing, and paper and pulp industry | 261.9 | 105.5 | -156.4 | 223.0 | 104.9 | -118.1 | 38.9 | 0.6 | -38.3 |
| Construction materials industry | 120.0 | 70.0 | -50.0 | 105.1 | 68.3 | -36.8 | 14.9 | 1.7 | -13.2 |
| Light industry | 1,146.5 | 1,087.7 | -58.8 | 718.8 | 1,066.1 | 347.3 | 427.7 | 21.6 | -406.1 |
| Food industry | 537.5 | 2,008.4 | 1,470.9 | 367.4 | 1,924.2 | 1,556.8 | 170.1 | 84.2 | -85.9 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Other branches of industry | 136.0 | 138.2 | 2.2 | 133.0 | 135.9 | 2.9 | 3.0 | 2.3 | -0.7 |
| Agriculture | 215.9 | 320.8 | 104.9 | 98.9 | 318.2 | 219.3 | 117.0 | 2.6 | -114.4 |
| Other types of activities in the material production sphere | 24.3 | 7.8 | -16.5 | 23.9 | 6.2 | -17.7 | 0.4 | 1.6 | 1.2 |
| Latvian SSR | | | | | | | | | |
| Total for material production sectors | 5,591.2 | 4,896.1 | -695.1 | 4,632.8 | 4,515.2 | -117.6 | 958.4 | 380.9 | -577.5 |
| Industry | 5,318.5 | 4,581.4 | -737.1 | 4,507.4 | 4,233.6 | -273.8 | 811.1 | 347.8 | -463.3 |
| Including: | | | | | | | | | |
| Electrical power | 133.6 | 75.0 | -58.6 | 133.6 | 75.0 | -58.6 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 489.7 | 6.5 | -483.2 | 489.7 | 6.5 | -483.2 | 0.0 | 0.0 | 0.0 |
| Coal industry | 27.1 | 0.0 | -27.1 | 2.8 | 0.0 | -2.8 | 24.3 | 0.0 | -24.3 |
| Solid fuel industry | 0.2 | 1.2 | 1.0 | 0.2 | 0.4 | 0.2 | 0.0 | 0.8 | 0.8 |
| Ferrous metallurgy | 411.3 | 116.2 | -295.1 | 401.3 | 104.0 | -297.3 | 10.0 | 12.2 | 2.2 |
| Nonferrous metallurgy | 136.3 | 13.9 | -122.4 | 136.3 | 13.5 | -122.8 | 0.0 | 0.4 | 0.4 |
| Chemical and petro- chemical industry | 717.5 | 668.0 | -49.5 | 627.6 | 631.3 | 3.7 | 89.9 | 36.7 | -53.2 |
| Machine building and metal working | 1,677.4 | 1,402.8 | -274.6 | 1,565.9 | 1,266.4 | -299.5 | 111.5 | 136.4 | 24.9 |
| Timber, wood processing, and paper and pulp industry | 160.5 | 168.2 | 7.7 | 139.6 | 133.7 | -5.9 | 20.9 | 34.5 | 13.6 |
| Construction materials industry | 78.6 | 64.8 | -13.8 | 74.8 | 60.2 | -14.6 | 3.8 | 4.6 | 0.8 |
| Light industry | 762.5 | 813.3 | 50.8 | 502.6 | 798.7 | 296.1 | 259.9 | 14.6 | -245.3 |
| Food industry | 596.4 | 1,098.9 | 502.5 | 315.4 | 992.5 | 677.1 | 281.0 | 106.4 | -174.6 |
| Other branches of industry | 127.4 | 152.6 | 25.2 | 117.6 | 151.4 | 33.8 | 9.8 | 1.2 | -8.6 |
| Agriculture | 262.6 | 112.9 | -149.7 | 116.6 | 102.4 | -14.2 | 146.0 | 10.5 | -135.5 |
| Other types of activities in the material production sphere | 10.1 | 201.8 | 191.7 | 8.8 | 179.2 | 170.4 | 1.3 | 22.6 | 21.3 |
| Kirghiz SSR | | | | | | | | | |
| Total for material production sectors | 3,744.8 | 2,595.4 | -1,149.4 | 2,971.8 | 2,536.8 | -435.0 | 773.0 | 58.6 | -714.4 |
| Industry | 3,610.2 | 2,471.4 | -1,138.8 | 2,900.1 | 2,423.9 | -476.2 | 710.1 | 47.5 | -662.6 |
| Including: | | | | | | | | | |
| Electrical power | 29.9 | 78.1 | 48.2 | 29.9 | 78.1 | 48.2 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 314.3 | 11.4 | -302.9 | 314.3 | 11.4 | -302.9 | 0.0 | 0.0 | 0.0 |
| Coal industry | 31.4 | 21.6 | -9.8 | 31.4 | 21.6 | -9.8 | 0.0 | 0.0 | 0.0 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Solid fuel industry | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 194.9 | 8.2 | -186.7 | 187.3 | 8.2 | -179.1 | 7.6 | 0.0 | -7.6 |
| Nonferrous metallurgy | 88.6 | 145.6 | 57.0 | 87.4 | 128.6 | 41.2 | 1.2 | 17.0 | 15.8 |
| Chemical and petro- chemical industry | 358.3 | 24.7 | -333.6 | 338.6 | 24.7 | -313.9 | 19.7 | 0.0 | -19.7 |
| Machine building and metal working | 991.0 | 949.7 | -41.3 | 948.8 | 938.8 | -10.0 | 42.2 | 10.9 | -31.3 |
| Timber, wood processing, and paper and pulp industry | 122.3 | 4.5 | -117.8 | 107.1 | 4.5 | -102.6 | 15.2 | 0.0 | -15.2 |
| Construction materials industry | 68.1 | 12.7 | -55.4 | 64.6 | 12.7 | -51.9 | 3.5 | 0.0 | -3.5 |
| Light industry | 742.3 | 664.6 | -77.7 | 470.9 | 650.8 | 179.9 | 271.4 | 13.8 | -257.6 |
| Food industry | 611.8 | 526.9 | -84.9 | 263.5 | 521.1 | 257.6 | 348.3 | 5.8 | -342.5 |
| Other branches of industry | 57.3 | 23.4 | -33.9 | 56.3 | 23.4 | -32.9 | 1.0 | 0.0 | -1.0 |
| Agriculture | 127.4 | 118.8 | -8.6 | 64.5 | 107.7 | 43.2 | 62.9 | 11.1 | -51.8 |
| Other types of activities in the material production sphere | 7.2 | 5.2 | -2.0 | 7.2 | 5.2 | -2.0 | 0.0 | 0.0 | 0.0 |
| Tajik SSR | | | | | | | | | |
| Total for material production sectors | 3,492.4 | 2,358.7 | -1,133.7 | 3,022.6 | 2,025.2 | -997.4 | 469.8 | 333.5 | -136.3 |
| Industry | 3,320.4 | 2,260.2 | 1,060.2 | 2,917.8 | 1,935.2 | -982.6 | 402.6 | 325.0 | -77.6 |
| Including: | | | | | | | | | |
| Electrical power | 60.5 | 67.0 | 6.5 | 60.5 | 67.0 | 6.5 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 295.9 | 16.8 | -279.1 | 295.9 | 16.8 | -279.1 | 0.0 | 0.0 | 0.0 |
| Coal industry | 10.8 | 4.3 | -6.5 | 10.8 | 4.3 | -6.5 | 0.0 | 0.0 | 0.0 |
| Solid fuel industry | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 139.7 | 3.4 | -136.3 | 127.7 | 3.4 | -124.3 | 12.0 | 0.0 | -12.0 |
| Nonferrous metallurgy | 199.1 | 401.1 | 202.0 | 189.8 | 300.1 | 110.3 | 9.3 | 101.0 | 91.7 |
| Chemical and petro- chemical industry | 344.1 | 94.9 | -249.2 | 321.1 | 94.8 | -226.3 | 23.0 | 0.1 | -22.9 |
| Machine building and metal working | 818.1 | 236.3 | -581.8 | 783.0 | 207.0 | -576.0 | 35.1 | 29.3 | -5.8 |
| Timber, wood processing, and paper and pulp industry | 127.7 | 7.1 | -120.6 | 106.9 | 7.1 | -99.8 | 20.8 | 0.0 | -20.8 |
| Construction materials industry | 63.6 | 33.0 | -30.6 | 56.4 | 32.9 | -23.5 | 7.2 | 0.1 | -7.1 |
| Light industry | 685.7 | 1,163.2 | 477.5 | 494.2 | 973.1 | 478.9 | 191.5 | 190.1 | -1.4 |
| Food industry | 505.1 | 229.6 | -275.5 | 403.4 | 225.2 | -178.2 | 101.7 | 4.4 | -97.3 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Other branches of industry | 70.1 | 3.5 | -66.6 | 68.1 | 3.5 | -64.6 | 2.0 | 0.0 | -2.0 |
| Agriculture | 168.5 | 88.4 | -80.1 | 101.5 | 79.9 | -21.6 | 67.0 | 8.5 | -58.5 |
| Other types of activities in the material production sphere | 3.5 | 10.1 | 6.6 | 3.3 | 10.1 | 6.8 | 0.2 | 0.0 | -0.2 |
| Armenian SSR | | | | | | | | | |
| Total for material production sectors | 4,876.4 | 3,767.0 | -1,109.4 | 4,107.6 | 3,683.1 | -334.5 | 858.8 | 83.9 | -774.9 |
| Industry | 4,660.0 | 3,746.5 | -913.5 | 3,905.3 | 3,662.8 | -242.5 | 754.7 | 83.7 | -671.0 |
| Including: | | | | | | | | | |
| Electrical power | 1.9 | 24.0 | 22.1 | 1.9 | 24.0 | 22.1 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 437.2 | 0.0 | -437.2 | 437.2 | 0.0 | -437.2 | 0.0 | 0.0 | 0.0 |
| Coal industry | 16.9 | 0.0 | -16.9 | 16.9 | 0.0 | -16.9 | 0.0 | 0.0 | 0.0 |
| Solid fuel industry | 0.1 | 0.0 | -0.1 | 0.1 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 277.0 | 20.1 | -256.9 | 271.6 | 19.7 | -251.9 | 5.4 | 0.4 | -5.0 |
| Nonferrous metallurgy | 148.9 | 120.2 | -28.7 | 148.8 | 120.2 | -28.6 | 0.1 | 0.0 | -0.1 |
| Chemical and petro- chemical industry | 393.2 | 396.2 | 3.0 | 325.2 | 378.4 | 53.2 | 68.0 | 17.8 | -50.2 |
| Machine building and metal working | 1,006.4 | 845.9 | -160.5 | 945.4 | 839.1 | -106.3 | 61.0 | 6.8 | -54.2 |
| Timber, wood processing, and paper and pulp industry | 147.9 | 19.5 | -128.4 | 117.1 | 19.5 | -97.6 | 30.8 | 0.0 | -30.8 |
| Construction materials industry | 88.3 | 42.4 | -45.9 | 67.8 | 41.5 | -26.3 | 20.5 | 0.9 | -19.6 |
| Light industry | 1,117.3 | 1,501.2 | 383.9 | 844.8 | 1,465.4 | 620.6 | 272.5 | 35.8 | -236.7 |
| Food industry | 876.4 | 599.4 | -277.0 | 587.3 | 577.6 | -9.7 | 289.1 | 21.8 | -267.3 |
| Other branches of industry | 148.5 | 177.6 | 29.1 | 141.2 | 177.4 | 36.2 | 7.3 | 0.2 | -7.1 |
| Agriculture | 211.8 | 14.8 | -197.0 | 109.3 | 14.7 | -94.6 | 102.5 | 0.1 | -102.4 |
| Other types of activities in the material production sphere | 4.6 | 5.7 | 1.1 | 3.0 | 5.6 | 2.6 | 1.6 | 0.1 | -1.5 |
| Turkmen SSR | | | | | | | | | |
| Total for material production sectors | 2,918.2 | 2,634.2 | -284.0 | 2,846.0 | 2,389.2 | -96.8 | 432.2 | 245.0 | -187.2 |
| Industry | 2,846.8 | 2,458.9 | -387.9 | 2,457.0 | 2,245.9 | -211.1 | 389.8 | 213.0 | -176.8 |
| Including: | | | | | | | | | |
| Electrical power | 8.9 | 58.9 | 50.0 | 8.9 | 58.9 | 50.0 | 0.0 | 0.0 | 0.0 |
| Oil and gas industry | 100.2 | 750.6 | 650.4 | 100.2 | 750.6 | 650.4 | 0.0 | 0.0 | 0.0 |
| Coal industry | 6.6 | 0.0 | -6.6 | 6.6 | 0.0 | -6.6 | 0.0 | 0.0 | 0.0 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|---------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Solid fuel industry | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ferrous metallurgy | 115.3 | 3.3 | -112.0 | 107.0 | 3.3 | -103.7 | 8.3 | 0.0 | -8.3 |
| Nonferrous metallurgy | 9.4 | 5.2 | -4.2 | 9.4 | 5.2 | -4.2 | 0.0 | 0.0 | 0.0 |
| Chemical and petro- chemical industry | 208.8 | 151.9 | -56.9 | 200.1 | 150.4 | -49.7 | 8.7 | 1.5 | -7.2 |
| Machine building and metal working | 946.9 | 45.0 | -901.9 | 925.6 | 44.2 | -881.4 | 21.3 | 0.8 | -20.5 |
| Timber, wood processing, and paper and pulp industry | 128.8 | 0.3 | -128.5 | 103.1 | 0.3 | -102.8 | 25.7 | 0.0 | -25.7 |
| Construction materials industry | 57.7 | 21.4 | -36.3 | 53.5 | 20.9 | -32.6 | 4.2 | 0.5 | -3.7 |
| Light industry | 590.7 | 1,322.7 | 732.0 | 395.1 | 1,116.1 | 721.0 | 195.6 | 206.6 | 11.0 |
| Food industry | 556.7 | 98.9 | -457.8 | 433.9 | 95.3 | -338.6 | 122.8 | 3.6 | -119.2 |
| Other branches of industry | 116.8 | 0.7 | -116.1 | 113.6 | 0.7 | -112.9 | 3.2 | 0.0 | -3.2 |
| Agriculture | 70.6 | 159.2 | 88.6 | 28.2 | 137.2 | 109.0 | 42.4 | 22.0 | -20.4 |
| Other types of activities in the material production sphere | 0.8 | 16.1 | 15.3 | 0.8 | 6.1 | 5.3 | 0.0 | 10.0 | 10.0 |
| Estonian SSR | | | | | | | | | |
| Total for material production sectors | 3,708.6 | 2,961.0 | -747.6 | 3,047.2 | 2,715.1 | -332.1 | 661.4 | 245.9 | -415.5 |
| Industry | 3,501.2 | 2,922.0 | -579.2 | 2,975.5 | 2,676.8 | -298.7 | 525.7 | 245.2 | -280.5 |
| Including: | | | | | | | | | |
| Electrical power | 39.4 | 129.9 | 90.5 | 29.0 | 129.9 | 100.9 | 10.4 | 0.0 | -10.4 |
| Oil and gas industry | 262.3 | 8.1 | -254.2 | 262.3 | 6.2 | -256.1 | 0.0 | 1.9 | 1.9 |
| Coal industry | 10.6 | 0.0 | -10.6 | 3.4 | 0.0 | -3.4 | 7.2 | 0.0 | -7.2 |
| Solid fuel industry | 0.2 | 15.2 | 15.0 | 0.2 | 14.6 | 14.4 | 0.0 | 0.6 | 0.6 |
| Ferrous metallurgy | 153.1 | 6.6 | -146.5 | 139.2 | 5.9 | -133.3 | 13.9 | 0.7 | -13.2 |
| Nonferrous metallurgy | 88.2 | 8.2 | -80.0 | 87.9 | 8.2 | -79.7 | 0.3 | 0.0 | -0.3 |
| Chemical and petro- chemical industry | 526.9 | 326.8 | -200.1 | 455.1 | 316.4 | -138.7 | 71.8 | 10.4 | -61.4 |
| Machine building and metal working | 1,143.9 | 568.1 | -575.8 | 996.6 | 535.0 | -461.6 | 147.3 | 33.1 | -114.2 |
| Timber, wood processing, and paper and pulp industry | 89.8 | 153.4 | 63.6 | 80.6 | 127.9 | 47.3 | 9.2 | 25.5 | 16.3 |
| Construction materials industry | 47.5 | 31.6 | -15.9 | 38.9 | 29.3 | -9.6 | 8.6 | 2.3 | -6.3 |
| Light industry | 669.6 | 852.3 | 182.7 | 505.9 | 798.2 | 292.3 | 163.7 | 54.1 | -109.6 |
| Food industry | 396.3 | 763.1 | 366.8 | 307.0 | 649.7 | 342.7 | 89.3 | 113.4 | 24.1 |

Table 5. Import and Export of Products by Sectors of the Economy for 1988 (in millions of rubles) (Continued)

| Republic/Sector | Imports | Exports | Export (+) or Import (-) Bal- ance | Including | | | | | |
|---|---------|---------|--|--|--------|--|---|--------|--|
| | | | | Interrepublic Exchange of Domestic Products | | | Foreign Economic Ties (in domestic prices) | | |
| | | | | Import | Export | Export (+) or Import (-) Bal- ance | Import | Export | Export (+) or Import (-) Bal- ance |
| Other branches of industry | 73.4 | 58.7 | -14.7 | 69.4 | 55.5 | -13.9 | 4.0 | 3.2 | -0.8 |
| Agriculture | 182.1 | 29.9 | -152.2 | 57.4 | 29.5 | -27.9 | 124.7 | 0.4 | -124.3 |
| Other types of activities in the material production sphere | 25.3 | 9.1 | -16.2 | 14.3 | 8.8 | -5.5 | 11.0 | 0.3 | -10.7 |

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MODELING, ECONOMETRICS, COMPUTERIZATION

Goskomstat Reduces Enterprise Statistical Reporting Requirements

904A0478A Moscow IZVESTIYA in Russian
7 Jul 90 Morning Edition p 2

[Article by I. Demchenko: "Statistics Will Not Know
Everything"]

[Text] The USSR State Committee for Statistics [Goskomstat] has abolished 53 forms of intersectorial statistical reporting. Thus, work has begun on the analysis and radical changing of reporting in our country.

Today, you certainly can no longer ascertain who the author is who introduced into the rank of state-important indicators reports on the movement of packing materials, on the presence of freight in refrigeration units (once every 15 days and monthly), or, say, on the fulfillment of the plan for sending specialists abroad on official trips (every six months). The fact is that all this and other information of equal "importance" has been conscientiously gathered, sent to Moscow, summarized together in the Goskomstat, and, as a rule, left on the shelf. The mountains of meaningless papers saturated with indicators showing nothing made sense, perhaps, only as a fig leaf covering the lack of actually necessary and socially significant information.

This year the Goskomstat has expanded considerably the limits of accessible information. Immediately after the Law on Enterprises in the USSR came out, which granted state statistical bodies the right to establish the forms of reporting, on its own initiative it began cutting down on the collection of superfluous data. This primarily affected reporting which contains information characterizing the internal economic activities of enterprises.

From now on, and we hope forever, knowledge of these data will be the prerogative of only those who they affect, that is, the labor collectives themselves.

In the opinion of Goskomstat specialists, reporting of enterprises non-state sector and small enterprises requires a special approach. And leaseholders and cooperative operators, who have already had time to get a taste of independent economic management, have achieved independence by their own hand: they wrote and verbally expressed their indignation so many times over the number of reports that they now will be given the right to provide a minimum of information. The amount of this information, apparently, will be determined by the end of July.

It must be said that the associations of the USSR Goskomstat consider the document that came out on reducing reporting to be the first sign. As department chief Ye. Ivanova reported, they are already preparing a resolution on abolishing a number of forms for statistics on industry and foreign economic activities, in addition to those already reduced—on scientific and technical progress, trade statistics, capital construction, and so forth, for all basic directions. It is planned to switch a considerable portion of the reporting to selective reporting, for example, replacing quarterly periodicity with a check once every five years. The newly passed legislative acts protect collectives from departmental reporting, which up to now has been a real disaster. Beginning 1 January 1991, all additional information in which officials of higher organizations are interested will be provided on a contractual basis for separate payment.

Henceforth, the USSR Goskomstat firmly intends to be involved only in gathering data that is of unionwide importance.

Abolishing indicators that have lost their relevance, the Goskomstat also plans to introduce some new ones. This is associated with the need to analyze the formation of new ownership relations in the country, the course of

disengaging the state from the economy, and processes of competition between enterprises. Financial statistics, which before did not affect such spheres of the population's monetary income as loans and acquisition of stock shares in enterprises, will undergo significant changes.

As was reported at the Goskomstat, as of the beginning of June of this year, there were 574 forms of intersectorial statistical reporting in effect in the national economy. Now there are 53 less. By the end of July the Goskomstat plans to complete the radical reduction of data being gathered and provide us a report on the work done. We hope this will be the last illegal report required of an enterprise.

**Statistical Handbook on Social Development
Published**

90P50038A Moscow *EKONOMIKA I ZHIZN*
in Russian No 26, Jun 90 p 13

[Article by Yu. Protasov: "USSR Social Development"]

[Text] This statistical handbook is published by the USSR State Committee for Statistics (Moscow, "Finansy i Statistika," 1990, 398 pages. The price is R1.50).

Together with previously widely used indicators, this handbook includes data never before published (in particular, data on the state of public order are published for

the first time), as well as the results of a number of sociological studies, and information on the composition of USSR and Supreme Soviet people's deputies.

The book contains many indicators which characterize the reorientation of the economy toward social needs during the 12th five-year plan: changes in the investment structure, the development of Group B industrial production and agricultural output, the scale of housing construction, and the opening of facilities in the socio-cultural sphere. Significant space is devoted to the state of the consumer market.

A summary contains published data on gross national product and its growth rates and on state budget expenditures for socio-cultural measures.

The section on "New Forms of Labor Organization" contains detailed information on the activity of cooperatives, the development of the brigade form of labor organization, and contract leasing.

A wealth of diverse information can be derived from other sections of the book.

At the end of the handbook is a brief methodological explanation for specific statistical indicators. They help a great deal in understanding the contents of some of the factual material.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Gorbachev, Other Leaders at Peasant Congress Opening

904B0224A Moscow SELSKAYA ZHIZN in Russian
12 Jun 90 pp 1-2

[Article by V. Virkunen, N. Kopanov, Ye. Petrakov, and S. Chudakov: "Forum of Country's Agricultural Workers: Constituent Congress of USSR Peasant Union Opened Yesterday in Moscow"]

[Text] Representatives of the Soviet peasantry from every part of the country have gathered in Moscow. Yesterday they convened for the opening session of the constituent congress of the USSR Peasant Union—a new sociopolitical organization, the establishment of which will be announced by this forum.

Peasant congresses have already been held in the majority of union republics. These congresses have also sent delegates to the all-union constituent congress. Representatives of six republics—Uzbekistan, Georgia, Moldavia, the Baltic republics—are taking part in the proceedings of the constituent congress as invited guests.

Kolkhoz farmers, workers of sovkhozes, agrocombines, and other such organizations, peasants conducting individual or private farming operations, members of cooperatives, leaseholders, farmers, as well as persons employed in the domain of services for enterprises of the agroindustrial complex, are represented at the congress. The President of the USSR, CPSU Central Committee General Secretary M. S. Gorbachev, Chairman of the USSR Council of Ministers and member of the CPSU Central Committee Politburo N. I. Ryzhkov, CPSU Central Committee Secretary and member of the CPSU Central Committee Politburo Ye. K. Ligachev, First Deputy Chairman of the USSR Council of Ministers and member of the CPSU Central Committee Politburo Yu. D. Maslyukov, chairman of USSR Gosplan, chairman of the USSR Supreme Soviet and candidate member of the CPSU Central Committee Politburo A. I. Lukyanov, and CPSU Central Committee Secretary Ye. S. Siroev are taking part in the congress proceedings.

The 1,925 delegates represent 38 different nationalities and ethnic groups. The largest delegations are from Russia, the Ukraine, Kazakhstan, and Belorussia. Many of the delegates are people's deputies at the various levels—from deputy to a rural soviet to people's deputies at the national level.

The following items were placed on the agenda: establishment of a USSR Peasant Union; adoption of USSR Peasant Union Bylaws; election of the union's executive officers; adoption of appeals to the peasantry, the worker class, to all Soviet citizens, as well as to our country's president, the USSR Supreme Soviet and USSR Council of Ministers.

A keynote address entitled "Ways to Accomplish Renewal of the Agrarian Sector in Conditions of a Mixed Economy and to Implement a Radical Economic Reform" was presented by I. I. Kukhar, chairman of the organizing committee for establishment of the union and chairman of the Union Council of Kholkhozes.

Characterizing the atmosphere and situation in which the congress has convened, the speaker noted that the five years of perestroika have stirred the entire country. Although both mistakes and miscalculations have been made during these years, substantial positive changes have also occurred. An atmosphere of democracy and glasnost has been forming in this country, a political and economic system of society has been gradually taking shape, and ways to accomplish the active involvement of all strata of the working people in the revolutionary processes are being determined.

As practical experience has shown, however, not everybody has proven to be prepared for extensive democracy: some have confused it with total license, others have confused it with demagoguery, while still others, seeking to profit on national/ethnic and patriotic sentiments and making use of the heavy burden of the past, have proceeded with the business of disuniting people and generating mutual distrust. All this has led to considerable complications and difficulties.

"In the agrarian sector of the economy there are continuing to pile up acute, deep conflicts, without resolution of which it is impossible to stabilize the socioeconomic and political situation in this country. Agriculture and the agroindustrial complex as a whole are increasingly falling behind society's needs and achievements elsewhere in the world. Per capita consumption of foodstuffs is rising only slowly, while in the course of the last 20 years there has been practically no increase in per capita consumption of plant-derived foodstuffs.

"We are lagging considerably behind the world level in agricultural crop yields and livestock productivity. Agriculture's natural-resource base and the environmental situation are worsening. Approximately 75 percent of agricultural land is in a neglected state as regards land improvement, reclamation, and environmental degradation.

"The percentage share of manual labor in agriculture remains at 66 percent, and at the same time little equipment is being supplied to our farms; and when equipment is delivered, system component elements are lacking. Virtually not one branch of agriculture can claim total mechanization.

"Nor are the necessary changes in the social domain being felt in the majority of rural rayons. At the current volume of housing construction provided with all types of plumbing installation and other construction equipment, qualitative transformation of rural housing is little, probably not only in the immediate future but in the more distant future as well. Many rural communities have no general-curriculum schools, kindergartens or

nursery schools, medical facilities, service-industry facilities, cultural establishments, or athletic facilities.

"Roads and transportation continue to be a particularly weak link. The volume of goods hauled is very large in this country's agriculture, in excess of six billion tons, three fourths of which is hauled by motor vehicle, and yet our roads are in a deplorable state. And it is a known fact that the cost per ton-kilometer on unpaved roads and off roads is from 7 to 20 times the cost of hauling goods on paved road surfaces."

The speaker then described the difficult working conditions in many branches of the agroindustrial complex. The neglect of social facilities and lack of elementary production conditions have engendered a lack of stability on the part of workforces on kolkhozes, sovkhoses, and at other enterprises of the agroindustrial complex. People are leaving the village; the level of out-migration has remained high in all past years. Over a period of just 20 years (1965-1985), net migration from rural to urban areas has exceeded 27 million persons. Young cadres, that is, the most capable segment of the population, have left and are continuing to leave the farm.

"What causal factors have engendered the crisis in the agrarian sector of the economy? The following question arises quite legitimately in all strata of society: is this a consequence of a fundamentally mistaken agrarian policy, of serious shortcomings in the course of implementation of agrarian policy, or are the peasants themselves to blame for this?

"In our opinion," the speaker stated, "the roots of the phenomena we are observing today lie in recognition of state ownership as the only acceptable and dominant form of ownership. This also formed the basis for bringing to an end the mixed economy in the 1920's and 1930's and for creating monopoly ownership by the state. This resulted in centralization and concentration of functions in the hands of the state, total removal of the worker from proprietorship, and transformation of the worker into a day laborer.

"In conformity with these concepts, agriculture began to be viewed the same as a large machinery factory, with uniformity of forms of operation and accordingly a centralized, uniform system of management. Victory by this view led to rejection of Leninist ideas on cooperative endeavor with its principles of voluntary participation, diversity of forms of operation and management, equality of conditions for their existence, a phased nature of development and transition from one form to another as a natural historical process, and equal-value exchange between city and village.

"Flawed methods of implementation of collectivization became the concrete form of manifestation of this policy. Heavy-handed coercion and extensive suppression of the prosperous peasantry during the period of collectivization destroyed the village's productive forces and damaged its labor potential. In addition, unequal-value exchange between city and village inevitably led to

making farming a financially losing proposition, which diminished the peasants' interest in producing.

"As the system of rule by administrative fiat grew stronger, a policy of putting kolkhozes and sovkhoses under the control of the state was consistently being implemented in the village. The peasant farmer was stripped of independence in choosing the structure of the farming operation and the direction of its development, while labor remuneration was far from equal in value to labor results and promoted a downward-leveling egalitarianism. And the level of labor remuneration was low. Although the situation has improved somewhat in recent years, labor remuneration for kolkhoz farmers remains far below the level of worker wages.

"Today we must openly acknowledge that over the course of many decades the agrarian sector of the economy was viewed as a kind of internal colony, from which were extracted the financial means for developing the cities and industry.

"Nor is the plight of the peasantry and all workers in the agrarian sector improving at the present time. The interests of agrarian workers are not receiving proper protection in society; the essential mechanism for securing these interests has not been established.

"Consequently, the principal reason for the crisis in agriculture is not the peasant and the established form of organization of production but rather the peasant's economic and social inequality and the 'command-administrative' system, from the steel grip of which the peasantry has not yet been able to free itself.

"Some positive elements in development of the agrarian sector of the economy began to appear in the course of perestroika, but as yet there have been no decisive changes. The need to defend the interests of the peasantry dictates the appropriateness of establishing a sociopolitical organization, the fundamental activities of which will comprise socioeconomic reform, spiritual rebirth of the village, securement of equal and free development of diversified forms of ownership and economic management, defense and protection of the socioeconomic, legal and political interests of the workers of the agroindustrial complex and, on this foundation, accelerated resolution of this country's food problem.

"The organizing committee hereby proposes adoption of a congress resolution calling for establishment of a USSR Peasant Union and election of its Central Council.

"We are firmly convinced that this country needs such a union. A question arises: will establishment of a peasant sociopolitical organization at the union level not be in conflict with the policy of decentralization and enhancement of the role of republic and local bodies? It is our conviction that it will not be in conflict with this policy. We fully endorse the measures being undertaken by the state to decentralize and to enhance the role of regional bodies, and we strongly respect the sovereignty of the

republics. At the same time we believe that a number of fundamental issues affecting the interests of the peasants and all workers of the agroindustrial complex will have to be settled at the central level. It is precisely here that it is necessary to have a respected union-level body which would express the interests of the workers of the agroindustrial complex and which would be invested with extensive powers and authority. Then decisions at the central level will be perceived as being more carefully-considered, taking into account the interests of the entire people, including those people working in the agrarian sector of the economy.

"On the other hand, one cannot ignore the existing situation, where a large portion of the means of production is supplied to the agroindustrial complex by industrial enterprises of union-level jurisdiction. Current practical experience has rather vividly shown that enterprises possessing a monopoly position in the manufacture of equipment dictate their own terms to the peasants. In this case, as well, a union-level peasant body is needed, which could exert a strong counteractive force to these monopolists.

"There is also another factor we should consider. In granting kolkhozes and sovkhozes full autonomy in forming the structure of production and in developing peasant farming operations and various types of agricultural cooperatives, one must assume that all of them, competing with one another, will make full use of their natural potential, and this means that there will be more extensive regional specialization. Under these conditions, agricultural producers need their own agency at the central level, a body which would study domestic and international market conditions and the needs of various regions for specific products and would inform the farms, enterprises, and farmers about these conditions and needs, and which would assist in establishing inter-regional commercial ties and relations. The Central Council of the USSR Peasant Union should become such an agency.

"There are also many other problems, in the resolution of which participation by a union-level body representing the interests of the agroindustrial complex is essential. These include problems of scientific and technological advance, international cooperation, training, advanced training, and retraining of cadres, cultural facilities, services and medical care for the public, etc. All these major issues cannot be resolved by giving total control of these issues over to governmental agencies.

"Three points of view on membership in a Peasant Union formed in the course of public discussion and debate on the question of establishing a USSR Peasant Union. Some feel that only legal entities, that is, kolkhozes, sovkhozes, other agroindustrial organizations, peasant farming operations, and cooperatives can become members of the union. Others feel that the union should have both collective and individual members. In

this case, kolkhoz members, sovkhoz workers, agricultural specialists, farmers, members of the rural intelligentsia, agricultural scientists, workers and employees of enterprises of the processing industry and of enterprises providing services to agriculture could become members of the Peasant Union. At the same time, kolkhozes, sovkhozes, and other enterprises of the agroindustrial complex would become collective members. In our opinion, the latter view is preferable.

"In this connection, it makes sense to make the primary organizations of the union local or territorial, within the boundaries of a rural or community soviet as well as, when necessary, on farms and at enterprises as well.

"The organizing committee feels that joining the union should be an entirely voluntary matter. At the same time, we must today appeal to all peasants: let us create a strong, mass organization capable of defending the interests of all workers of the agroindustrial complex and of uniting their efforts toward speeding up the pace of food production growth!

"The question arises as to the composition and functions of the Central Council of the Peasant Union. We should take into consideration new approaches to the federative structure of our state and the sovereignty of the union republics. We feel that in determining the makeup of the council that the delegations from each republic should be empowered to elect their own representatives to the central body on the basis of a quota determined by the congress. Selection of candidates should be performed by the delegations of the republics, with a choice among multiple candidates. Proposals submitted by the republic delegations should be considered and approved by the congress. This approach will ensure representation by all union republics in the central body. In addition, at the present time a number of union republics—Lithuania, Latvia, Estonia, Moldavia, and Uzbekistan—have not yet determined their position regarding participation by their peasantry in an all-union organization, and the Congress of Peasants of Georgia has been postponed to a later date. On the basis of the proposed procedure of forming the Central Council, a quota will also be determined for these republics, and if and when it becomes necessary they can always elect their representatives to the Central Council. In this case, their submitted proposals should be approved at a plenary meeting of the Central Council.

"The proposed procedure of formation does raise one question: how can candidates from organizations of union-level jurisdiction—the All-Union Academy of Agricultural Sciences imeni Lenin, agricultural colleges and their experimental farm operations, scientific research institutes which are not part of the All-Union Academy of Agricultural Sciences, and the Union Council of Kolkhozes—become members of the council? In our opinion, a quota could also be established for organizations of union-level jurisdiction.

"It is proposed that a 200-member Central Council be elected.

"The Central Council should form a presidium to handle day-to-day business. Here, too, the interests of the union republics must be considered. It would seem that the chairmen of the republic councils should automatically become members of the presidium of the Central Council. Kolkhozes and sovkhozes, peasant farms, processing enterprises and enterprises providing services to agriculture should also be represented on the presidium.

"In our opinion a 25-member presidium should be elected. This would ensure both proper representation and operational efficiency in performing the presidium's work.

"It is necessary to ensure in the union's executive and administrative nucleus representation not only of the regions but also of the principal forms of farm operation and management. Toward this end it makes sense to form permanent commissions consisting of members of the Central Council: a commission on development of socialized agricultural production (kolkhozes and sovkhozes), a commission on development of peasant farms and leaseholder activities, on food processing industry enterprises, and on service enterprises. These commissions should be headed by deputy chairmen of the Peasant Union Central Council.

"Now for the organizational structure of the union. We propose that the Peasant Union have a well-structured organizational system. Primary organizations and collective members, for example, would be joined into a rayon organization. Rayon organizations would be consolidated into an oblast, kray, or autonomous republic organization. These organizations in turn would be united into union-republic organizations. At all levels, councils will be elected at conferences and congresses. In a number of regions of the country, the already-formed unions are called agrarian, peasant, etc. As we see it, this is not a crucial issue. What is important is that they represent the interests of our country's peasantry and are united by a single, unified system.

"The councils of the Peasant Union must definitely have an autonomous administrative staff organization. It would hardly be appropriate to assign administrative staff functions to Gosagroprom or to the administrative staff organizations of the agroindustrial associations. I would emphasize that the village needs a sociopolitical organization which is independent of economic management and governmental agencies, an organization which would be capable at basically all levels of management and administration of defending the interests of agrarian workers and of uniting their efforts for the purpose of increasing production of foodstuffs and improving their quality. Not to have their own administrative staff organization means not possessing independence, being an appendage of economic management, administrative, or governmental agencies.

"A most important condition for solving the food problem is continued, consistent improvement of production relations on the farm and genuinely providing equal conditions for development of all forms of ownership, farm operation and management. The laws on land, ownership, and leaseholding have created the legal, economic and organizational foundations for implementation of such an approach. Genuine preconditions have been created for gradual elimination of alienation of the means of production, especially land, from the workers, detachment from the product of one's labor and from created income. Genuine conditions have been created for consolidation of economic-accountability relations at all levels of the system and for creating a mechanism of economic management whereby intensive and high-quality labor will be well compensated, while downward-leveling egalitarianism in evaluation and remuneration of labor will become a thing of the past. Conversion of the agrarian-sector economic system over to market relations will offer kolkhozes, sovkhozes, other enterprises of the agroindustrial complex, and peasant farms a genuine opportunity to run their business in an autonomous manner and to dispose of the goods they produce and their income as they see fit, and to choose for themselves the forms and methods of operation and management.

"Of course it would be a mistake to take seriously statements to the effect that kolkhozes and sovkhozes have become obsolete and should be replaced across the board by other types of enterprises. Obviously we must consider combining various forms of operation and management: large-scale, medium-scale, and small-scale. We must clearly declare that we are in favor of a diversity of forms of economic management, that we support equal conditions for their functioning and operation, that we are for their interaction and for development of various types of cooperative endeavor among them. At the same time, we must resolutely oppose the onslaught of destructive forces seeking to set one form of economic management against another.

"In defending today our large-scale socialist enterprises, however, we are by no means asserting that the kolkhoz and sovkhoz forms of organization of production should remain frozen. They should and will constantly and continuously improve, and first and foremost their internal production-economic relations will undergo reform. For the near-term future intrafarm cooperative endeavor, the contract, economic accountability, leasing, and shareholder forms of organization of production will become the foundation of these relations.

"In the new conditions, intrafarm economic relations, material incentives, and responsibility should be set up in such a manner that each kolkhoz member and sovkhoz worker is aware that he has a personal investment in the farm's land, machinery, buildings, herds, production, and income. In short, enterprise full economic accountability and changeover by the enterprise's internal subunits to economic-accountability relations is essential. Not one single area, not one production

facility, and in the final analysis not one single worker should stand outside economic-accountability relations. The entire movement of production, livestock, work performance and services, equipment, and materials within farms and enterprises should constitute movement of items of value, grounded on the principle of purchase and sale. Relations between intrafarm workforces must be organized on a basis of long-term contracts and stable contractual prices, including both the cost of goods and services and a certain measure of accumulation. This will result not simply in instilling a sense of proprietorship but in genuinely reconstituting the master of production.

"The shareholder form of relations is a promising direction in the development of kolkhozes and sovkhoses. A number of agricultural enterprises and entire agroindustrial associations are adopting these forms of economic management. The experience of a number of developed countries also attests to the favorable prospects for free associations of commodity producers. In conditions of a joint-stock organization, the commodity producer and proprietor are united within the same individual; this radically alters his relationship and attitude toward the means of production and toward labor.

"Other forms of relations are also possible. There is a possibility, for example, of development of integration of kolkhozes, sovkhoses, and other agricultural enterprises with industrial, banking, construction, and other enterprises and organizations as well as their establishment of joint production facilities, etc. The main element here is to give the right of choice directly to the workforces and their individual members. There should not be any element of dictate whatsoever in these matters.

"It is necessary to do away with governance by administrative fiat in regard to kolkhozes, sovkhoses, other enterprises of the agroindustrial complex, and peasant farms, because in spite of repeatedly-made decisions to give full independence of operation and management to kolkhozes, sovkhoses, and other enterprises of the agroindustrial complex, these enterprises have been command-ruled in the past, and they continue to be today. Unfortunately, even with transition to a market economy, the foundations are being laid down for administrative dictate. Submitted draft documents state that in order to ensure that government procurement orders for requirements at the national level, republic needs and local supply requirements are met, the union republics will levy a tax in kind on farms. If this tax is to guarantee national-level requirements, republic needs and local supply, the size of the tax should be not less than the procurement quotas which existed in the past. Under these conditions it is pointless to discuss the question of a market economy. Such a provision is an excellent basis for the operations of a system of rule by administrative fiat. Under these conditions, one can be assured that local authorities will actively meddle in production both at the planning stage and at the plan implementation stage. Obviously what is needed is a

suitable law which prohibits any interference in production whatsoever and which, in addition, provides penalties for such interference. Entrepreneurs, not politicians, should deal with production. And until this simple truth is realized by everybody in this country, there will be no remedial turnaround in agricultural affairs."

The speaker then turned again to the question of farms. "One cannot agree with the assertion that a family farm, a peasant farm operation, can be created on the basis of a renovated abandoned barn and a worn-out tractor or that pitchforks, shovels, an axe, etc. can constitute the implements of labor. This is being extensively shown by our mass media. Such forms will not be viable. We must ensure that the creation of peasant farms leads to additional production, not to a statistical shift of production from one subsector to another. This means that peasant farms must be established first and foremost on that land which today is practically not being used or is being poorly utilized. Let the state build a decent farmhouse-type dwelling on such land, provided with all utilities. Let the state build a highly-mechanized cowbarn, have the land-improvement people rehabilitate the land and put in pasturage, and build a hardtop road to the farmstead. Then the newly-created farm can be put up to competitive lease bidding, with subsequent transfer to possession for life with right of inheritance. As many such farms should be set up each year as the state can afford. These will be real farms, which from the very first year will prove highly efficient and provide good incremental production growth. Of course, other approaches are also possible, but in our opinion this is the optimal solution."

Discussing scientific and technological advance in the agroindustrial complex, the speaker noted that it will be determined in large measure by the development of total mechanization, electrification, and automation of production. "Our Soviet machine building industry, however, has fallen hopelessly behind and is providing incremental growth to mechanization only in part and without technological advance. Specified standard requirement in tractors is presently being met by 75 percent, with 63 percent for general-purpose tractor-drawn plows, 58 percent for trucks, and 56 percent for seed drills, feed harvesters and balers. In the area of equipment availability, we are far behind the highly-developed countries. For the most part, separate, unintegrated pieces of machinery and equipment of obsolete models are being supplied to agriculture and the food processing industry. The percentage share of equipment which has been in regular production for more than a decade is steadily rising. It is currently running at 37 percent.

"In order to solve the food problem, it is essential that within the next few years farms be supplied with equipment which ensures at least a doubling of labor productivity. Agriculture must become fully supplied with a full complement of farm machinery, and the ratio of power machinery to implement machinery must be boosted to 1:3 (the ratio is currently 1:1.3). Radical changes must be

effected in transportation, making it possible to cut to a minimum losses sustained in hauling highly-perishable raw foodstuffs.

"Provision of modern equipment to the processing industry is of the greatest importance in order to accomplish radical improvement in supply of foodstuffs to the population.

"In conditions of transition to market relations, a shortage of equipment and a monopoly status on the part of equipment manufacturers, it is essential to protect enterprises and organizations of the agroindustrial complex from economic arbitrariness on the part of machine building enterprises. Prices on equipment should provide incentive to increase the manufacture of short-supply types of equipment, but there should be no possibility whatsoever for equipment manufacturers to obtain unearned, undeserved superprofits. The Peasant Union Central Council must exert active influence on this process in the course of its practical activities.

"We should appeal to the workforces of machine building enterprises and design bureaus: 'Let us understand one another better. We support worker solidarity. But please understand us, comrade machine builders: the food problem is unsolvable without good equipment, which is not inferior in specification and performance to the finest foreign equipment.'

"The Central Council and regional bodies of the Peasant Union must work constantly and persistently to ensure that, on the one hand, the agroindustrial production people establish and maintain a high demand for scientific and engineering product, and on the other hand that this demand is met. It is necessary through a system of economic incentive measures to make our industry responsive to science and within a short period of time to achieve a substantial improvement in effectiveness of utilization of scientific potential."

The speaker noted that the Peasant Union's attention should be focused on matters pertaining to rural social development.

"It is necessary in particular to focus on construction of paved roads, both between farms and on farms, as well as provision of natural gas to rural communities and provision of electricity to the peasant farmer's home.

"We must ensure that the central farmstead complex on every kolkhoz and sovkhov contains a secondary school, a kindergarten, a community center, a store, a personal services establishment, a medical services facility, including a fully-qualified doctor, not just a doctor's assistant, as well as telephone and savings bank offices. We must also ensure a certain minimum availability of these facilities in small and medium communities, with consideration of the need to provide services to peasant farms as well.

"A certain order must be imparted to social reorganization of the village, and sources of financing must be

determined. In our opinion, construction of paved roads, bringing in gas and electricity, and construction of health care, public education, public utilities and services facilities should be budget-financed, while construction of housing should be financed principally with funds provided by the general public, with financial-share participation by kolkhozes, sovkhovs and other enterprises and organizations of the agroindustrial complex.

"And of course attention on a continuing, daily basis should be devoted to construction of housing. If we truly want to have a highly-developed agrarian sector of the economy, emphasis in rural housing construction should be focused on farmstead-type buildings which would provide all the comforts of urban apartments. Not only must new homes be provided with all the conveniences and amenities, but it is also necessary to draw up a realistic program of renovation of existing rural housing.

"Personnel constitutes a major problem for our rural areas. In recent years, the demographic situation has been such that the problem of finding jobs has become critical in some regions of the country, while an acute manpower shortage is observed in others. Immediate measures are required in both cases. We must organize resettlement to certain regions, while in others it is essential to take steps to create additional jobs through organization and development of industrial facilities in rural localities."

The speaker continued: "The USSR Peasant Union is an independent sociopolitical organization which has been created by peasants and other workers of the agroindustrial complex and which expresses their interests. A Central Council shall be elected by the congress and shall be answerable solely to the congress. Republic, oblast (krai), and rayon organizations of the Peasant Union should be viewed in like manner. They are independent and answerable only to the bodies which have elected them.

"We feel that the Central Council of the Union should in the way of legislative initiative be empowered to submit to legislative bodies and the government proposals pertaining to matters of the union's activities, to participate in drafting legislation, to present its conclusions on draft decisions by government bodies and agencies pertaining to issues affecting the interests of the members of the union, and to submit proposals on suspending actions, rescinding or revising decisions by governmental and other agencies if they do detriment to economic operation and management entities of the agroindustrial complex, limit or restrict their autonomy.

"One of the main tasks of the Peasant Union is to ensure economic cooperation between the agroindustrial complex and other partners on a basis of equality and to seek to achieve equal-value intersectorial exchange. We feel that it is essential to establish in this country a pricing procedure whereby the government or other union-level authority can alter prices on agricultural products or on

means of production only with the consent and agreement of the union's Central Council.

"If prices on a given product are established at the republic or other administrative level, adoption of these prices would require the consent and agreement of the corresponding council of the Peasant Union.

"It is necessary to determine the manner and procedure of forming and ratification of the finance-credit and tax mechanism."

The speaker then described some of the provisions of the draft Bylaws of the Peasant Union and proposed submitting to the Supreme Soviet an initiative calling for adoption of a special Law on the USSR Peasant Union.

I. I. Kukhar emphasized that the Central Council and its administrative staff organization should apparently not be given executive management functions. Their principal task would be to study and determine agroindustrial complex development trends, to reach conclusions from practical observations, and when necessary to submit proposals to the appropriate bodies and to seek their implementation, to study and synthesize the operating and management experience of peasant farms, leaseholder collectives and leaseholders, cooperatives, kolkhozes, sovkhozes, and other enterprises and organizations of the agroindustrial complex, as well as experience in other countries. Tasks include providing extensive publicity of effective operation and management methods via the print media, radio and television. In connection with this the Peasant Union must have its own daily newspaper and magazines.

"I would deem it fitting, on behalf of the congress, to request that the CPSU Central Committee turn over to the Peasant Union the newspaper SELSKAYA ZHIZN and that the government turn over to the Peasant Union at least two magazines, including the magazine SELSKAYA NOV, retaining dedicated allocations of paper and other resources. We also request allocation of a special TV channel, with a special editorial organization and staff, with broadcasting to be directed toward our rural citizens and all workers of the agroindustrial complex."

Concluding his address, I. I. Kukhar proposed that the congress direct an appeal to the peasants, workers, intelligentsia, to the entire Soviet people: "Let us think not about disunion and separation but rather about unification; in the end, we shall overcome our differences and disagreements, and we shall defend and protect our future."

The congress will run three days.

Nikitin, Others Address Peasant Congress

904B0225A Moscow SELSKAYA ZHIZN in Russian
13 Jun 90 pp 1-2

[Article by V. Virkunen, N. Kopanov, Ye. Petrakov, and S. Chudakov: "Task: To Feed the Country; USSR Peasant Union Constituent Congress Proceedings Continue in Moscow"]

[Text] On 11 June, following the organizing committee's keynote address, a supporting speech on behalf of the government was presented by V. V. Nikitin, first deputy chairman of the USSR Council of Ministers and chairman of the State Commission on Foodstuffs and Procurements. He presented greetings on behalf of the government to the congress delegates on the opening of the congress.

"Our country's government has undertaken important measures in the course of the last ten months. They were reflected in concentrated form in the national development plan for 1990 and called for a real increase of 5-18 percent in capital spending as compared with the 1989 plan, while reducing capital spending in other branches and sectors of the economy, with allocation of all material and technical resources for the extent of the five-year plan, with an increase of from 2 to 10 percent over last year, and increased granting of credit for construction by individuals.

"Programs have been adopted which call for providing agriculture with modern equipment and increasing volume of road construction. A program for provision of natural gas and electricity to rural localities in the period 1991-1995 has been submitted to the government.

"The program for development of facilities of the processing branches of the agroindustrial complex has been bolstered with practical measures, and the scale of conversion within the defense branches of industry has been expanded.

"A decree pertaining to development of the material and technological foundation of consumer cooperative activities has been adopted, with the aim of improving trade services for rural residents.

"The USSR Supreme Soviet has voiced support for government proposals pertaining to urgent measures in the area of pension provisions and social services for the public, and differences have been eliminated in pension provisions for kolkhoz farmers, workers and employees. Additional amounts have been established for overall and continuous length of employment (including kolkhoz employment) for more than 2.5 million kolkhoz members. The minimum pension amount has been increased for almost six million persons. The pension age has been reduced by five years for tractor drivers and persons of other occupations."

Discussing matters pertaining to supplying this country with foodstuffs, V. V. Nikitin noted that officials in many republics and oblasts are endeavoring to stabilize

the situation in their region by stopping shipments of foodstuffs to other regions. Their slogan is "Every man for himself!" The shortfall in meat deliveries into national-level stocks is 112,000 tons for the first five months of the year, or one seventh of the total, while the shortfall in May was one third, with one half of this applying to the Ukraine. In the course of the first four months of this year the RSFSR has failed to ship to other republics more than 30,000 tons of flour, or almost a 60 percent shortfall.

In drawing up the plan and schedule of shipments for July, the ministries of cereal products of the RSFSR, the Ukraine, and Kazakhstan are virtually refusing to ship flour. It is not difficult to imagine what may happen in those areas where these products are not received. And in these conditions it would seem that the first demand voiced by the newly-formed Peasant Union should be the demand that the legislative bodies of the republics issue enactments specifying the strict liability of officials of executive agencies for deliberate stoppage of shipments of foodstuffs and agroindustrial complex material and technical resources.

"The government considers the establishment of market relations in this country to be measures capable of providing motivation for productive labor, for ensuring the meeting of contractual obligations, and for achieving a better life. This is a long, difficult road, but it is both fair and necessary.

"The agrarian portion is aimed at accomplishing a twofold task: feeding the country and reviving peasant farming as a way of life. We must therefore consider any radical actions, including the creation of a new sociopolitical organization—the Peasant Union—through the prism of this task.

"Wherein lie the significance and tasks of reforms in the agroindustrial complex and agriculture? In building a system of economic relations in which the peasants, focused toward producing products needed by society, receive not only full compensation for expenditures, essential for further development, but due and proper societal recognition as well.

"This presupposes on the one hand the existence of a free commodity producer, which is connected with the implementation of land reform, creation of a market of means of production, free pricing, a flexible finance and credit system, as well as a precisely-formulated policy of direct government payments to agricultural producers. On the other hand one must also consider the social consequences—the occurrence of 'surplus' peasants in a number of areas and a possible decline in living standards for a segment of the population.

"One cannot help but see that at the present time we are not ready for all this. In addition, a 'leap to a market,' 'shock,' or an instant change of garb would be outright ruinous for us at the present time.

"For this reason we have followed the strategy of bringing procurement prices more into conformity with production costs, moving closer to uniform prices, total rejection of regulation or control of any production parameters by command methods and ensuring transition to management on the basis of the incentive effect of price, credit, financial instruments, restructuring of economic relations, and development of a mixed economy, which will ensure healthy competition in agriculture and protection of the social interests of the peasantry.

"All this will create conditions for a subsequent, more decisive movement toward a market. The role to be played by the Peasant Union is boundless here as well, especially in forming new economic relations.

"What do we see as the principal tasks of the Peasant Union?

"They lie first and foremost in working out (on the basis of studying development trends, public opinion, and taking into account the interests of the peasants) the conceptual basis of national agrarian policy and in defending this conceptual foundation before legislative and governmental bodies; helping implement adopted agrarian policy; coordination of the efforts of various economic institutions (financial, credit, price, etc) in implementing regulation of the agricultural product market, the labor market in the agroindustrial complex, and the material and technical resources market.

"Promoting in every possible way the development of any new economic forms which lead to ending the depersonalization of peasant labor, downward-leveling egalitarianism, and total dependence on others; of leasehold and joint-stock arrangements on sovkhozes, and the forming of small cooperatives within kolkhozes and sovkhozes; conversion of particularly lagging farming operations into agricultural societies or other autonomous units, the allocation of individual peasant-farmer shares within the framework of kolkhoz collective ownership or the forming of individual peasant farms and peasant cooperatives: marketing, supply, and service. I also think that the Peasant Union could provide support to peasant farms, in view of the fact that this emerging structure needs support at the present time.

"Also important are consolidation and unification of already-established peasant associations and cooperative unions on a federative basis, while preserving their independence and individuality, establishment of contacts on the social level with farmer organizations in other countries and with world agricultural organizations, maintaining contacts with other public organizations both in this country and abroad, including religious and social."

Following the supporting speech on behalf of the government, the first speaker in the discussion and debate phase was M. V. Spiridonov, chairman of the Kolkhoz

imeni 22nd Party Congress in Orlovskiy Rayon, Orel Oblast. He noted in particular that in recent years there has been a great deal of discussion about priority development of our rural areas. This is being discussed in all domains, including highest-level governmental and party forums. But quite frequently action does not follow declaration.

"In the meantime," the speaker emphasized, "the Russian village, which has given up to the country its resources and its best workers, is increasingly deteriorating. The population is continuing to shrink, and cared-for land stands empty. The Russian village will not revive on its own. The crisis has advanced too far. A turnaround requires effective help by the entire people. Substantial capital investment is needed, channeled primarily toward resolving socioeconomic problems."

Having destroyed the land proprietor, the command system then destroyed the worker on the land. Today the peasant has frequently been transformed into a hired laborer, stripped of initiative and enterprise. Social reforms in the village in comparison with transition to a mixed, self-adjusting economy free of the pressure of administrative fiat can make a major contribution toward rebirth of the peasant farmer, the true master of the land, capable of resolving the food problem once and for all.

"It is essential to make possible the development of diversified forms of farm operation and management under equal conditions. A diversity of forms of production generates good results. In Orel Oblast, for example, over the period of the last four years gross agricultural output volume has increased by 32 percent in comparison with the same period in the last five-year plan. Specific efforts in the area of socioeconomic reorganization of the most lagging farms, alongside new forms of operation and management, determined success here. Sixty percent of all capital investment specified by the five-year development plan for all kolkhozes and sovkhoses was channeled specifically to this purpose. Thanks to the measures undertaken, the oblast's rural population has increased by more than 20,000 persons over the course of this short time span."

"Recently," M. V. Spiridonov continued, "a great deal of criticism has been leveled at the kolkhozes and sovkhoses, claiming that they are hindering the development of peasant farms. This criticism may be justified in many respects, but one must consider the fact that successful development of small-scale types of farming is possible in present-day conditions only on the basis of a strong material foundation of kolkhozes and sovkhoses. It is another matter that they should not continue to preserve their former ossified structures. It is essential to foster and promote the transformation of each kolkhoz farmer or sovkhos worker from a hired worker into a genuine joint proprietor."

K. Moldobekov, a leasehold farmer from the Alatau Kolkhoz in Dzhetysay Rayon, Issyk-Kul Oblast,

Kirghiz SSR, expressed great concern over the present critical food situation. "Recently our country has passed several laws affecting agricultural workers. There is occurring no improvement, however, in the situation of kolkhoz farmers and sovkhos workers. It is more the reverse.

"The peasants have been totally deprived of equal social rights in comparison with urban residents. Equipment, building materials, spare parts, mineral fertilizers, and feed concentrates are becoming more expensive year by year. Conditions for working and living in rural areas are essentially miserable. There is a very great difference in standard of living between rural and urban locality: urban residents receive tenant-ready apartments, while agricultural workers are forced to build their own housing. Young people are leaving for urban areas for this reason.

"Kirghiz villagers," the speaker emphasized, "are demanding a sharp increase in deliveries of equipment, building materials, fuels and lubricants, and that the economic and social foundation of the kolkhozes be strengthened. It is hardly likely that leasehold and other small-scale forms of farming can survive without a strong material foundation for the kolkhozes. It is also essential to put an end to fleecing the agricultural worker. Priority must truly be given to the village, and this can be achieved only through the Peasant Union."

"Our delegation supports the main points contained in the organizing committee's keynote address," stated I. V. Gareyev, agroindustrial committee chairman, Tatar ASSR. "Although in recent years agrarian workers have begun to hope for change in the attitude of the state and society toward the needs of the village, agrarian policy in this country lacks a clear-cut direction, just as was the case decades back. We are well familiar with such wavering of policy. In the 1950's they consolidated the kolkhozes. In the 1960's the policy was to eliminate individual farmsteads, and later they proceeded to demolish villages 'with no future'.

"Some public affairs writers and some of the mass media are calling for not investing funds in social development of the village, are advising that the land be parceled out to the peasants, and are calling kolkhoz managers and sovkhos directors landed gentry, feudal lords and masters. They also draw the conclusion that in developed countries five percent of the population feeds all the rest.

"But one must also state that we are a unique country, in which the entire economy is grounded on fleecing the peasant, on impoverishing the village. There are few who write or state in a public forum that throughout the civilized world all essential conditions have been created for life in the rural areas. In those countries peasant farmers are the most respected segment of society. They live considerably better than city dwellers.

"But our peasantry, to whom it is proposed that all the land be handed over, differs greatly from what it was in the 1930's. Today the peasants have neither plow nor

horse. If all the fixed assets of the kolkhozes and sovkhozes were to be handed over to them, there would be one tractor for every ten families. And half of these tractors are unsuited for operation on peasant farms. And each year the Tatar ASSR receives one tractor per 120 households. Therefore substantial capital investment is needed.

"It is also becoming increasingly more difficult for the peasants to stand up under the financial pressure. Over the period of the last 20 years fixed assets in our republic's agriculture have increased by a factor of five. This would seem to be a considerable increase. But half of this amount is due to increase in prices on manufactured goods. Therefore this growth is only apparent. And yet debt has increased 13-fold during this same period. This is due to lack of an equivalency of prices.

"In addition, taxes have recently increased. There has been an increase in the percentage rate for depreciation allowance payment into the budget, including for utilization of transport vehicles beyond the period of depreciation. Kolkhozes and sovkhozes must pay a road tax for those roads which they themselves build and maintain. They pay an income tax, train their own personnel, and pay them stipends. And now the republic's farms are supposed to pay 20 billion rubles into the treasury for specialist personnel! The Ministry of Finance is pursuing a truly anti-peasant policy.

"The situation is quite grave in the processing branches. Initially they took processing away from the peasants, and then when they had used assets to a state of exhaustion, they returned them to the kolkhozes and sovkhozes. At the present time it is simply impossible to renovate and rebuild processing—a most important branch of the agroindustrial complex—with the farms paying the bill. Large-scale state capital spending is needed, and urgently. The situation today is such that it is senseless to talk about increasing production.

"We are unable to comprehend," noted I. V. Gareyev, "what is happening to technical policy in the agrarian sector. What is happening, for example, to material and technological resources? In 1980 the former republic Ministry of Agriculture received 1,155 tractors, while funds only for 420 units have been allocated to a total of more than 1,500 enterprises for the current year. The enterprises of the former Ministry of Agricultural Machine Building are falling apart, and nobody is answerable for this." The speaker suggested that kolkhozes and sovkhozes refrain from purchasing equipment for a year or two, in order to enable the machine building enterprises to renovate and set up manufacture of that machinery which the farms need.

I. V. Gareyev addressed a request to M. S. Gorbachev: to add the future chairman of the USSR Peasant Union to the Presidential Council.

P. A. Kalashnik, chief economist of the Kolkhoz imeni Shevchenko in Lebedinskiy Rayon, Sumy Oblast, discussed the problem of social equality of the peasants in

comparison with other classes and social groups. The government is continuing to finance costly programs at the expense of the village. The village is becoming increasingly poorer.

The speaker cited an example from his farm. The kolkhoz received an additional 14,000 rubles in 1989 due to an increase in the price of sunflower seeds. At the same time the kolkhoz paid out an additional total of more than 350,000 rubles due to increase in prices, taxes, and other payments. In addition, existing procurement prices are so distorted that they are incomprehensible. For example, while a kilogram of milk costs 30 kopecks on the Kolkhoz imeni Shevchenko, the figure is 60 kopecks on the neighboring farm, and as much as 75 kopecks a bit further away. The way it works out, he who works more poorly is paid more. The speaker suggested that the activities of the Peasant Union be focused on development of the material foundation of the agroindustrial complex and that a special section dealing with production and financial activity be added to the draft Bylaws.

V. A. Starodubtsev, who was presiding at the session, then gave the floor to V. V. Melashchenko, first deputy chairman of USSR Gossnab [State Committee for Material and Technical Supply]. The speaker acknowledged as valid the criticism contained in the address by I. I. Kukhar and in the statements made by congress participants which were directed against the supply system for organizational structures of the agroindustrial complex.

"Each year the enterprises and organizations of Gossnab allocate to the agroindustrial complex more than 50 billion rubles' worth of material and technical resources to support agricultural production and processing of farm products. Sixty percent of the country's tractor production, 50 percent of excavators, 40 percent of trucks, more than one third of gasoline and diesel fuel, and one sixth of cement and lumber go to the agroindustrial complex. Approximately 10,000 major facilities of the agroindustrial complex, representing a construction volume in excess of eight billion rubles, are supplied in a centralized manner by agencies of Gossnab. A total of more than 250,000 agroindustrial complex construction projects are being supplied. Resources allocated to the agroindustrial complex are increasing substantially in 1990, in spite of the fact that for many of these resources figures for the nation as a whole..."

(Noisy reaction from the audience. Applause. The speaker is interrupted. The presiding officer asks the audience to allow V. V. Melashchenko to continue. The noise and indignant shouts continue. The first deputy chairman of Gossnab leaves the podium.)

"No other branch or sector of the economy," stated G. I. Churkin, chairman of the Vladimiro-Suzdalskoye Consolidated Agroindustrial Association, Vladimir Oblast, "has undergone as much reorganization, reforms, deformations, and humiliation as has agriculture. Agricultural agencies have undergone three reforms just during the

years of perestroyka. Our task today is to make a thorough analysis of just what is taking place in agriculture.

"There is a lot of talk today about kolkhoz and sovkhoz autonomy. But does it really exist? I do not think so. This is not only humiliating the peasant but is crippling him, destroying the entire structural edifice of peasant life. If the state does not give autonomy to the farms, today or tomorrow they themselves will take it. This is their right.

"The state is unable to give the peasant decent equipment or provide a material and technological foundation. Today the village has been left to face its misfortunes on its own. Where is an abundance of foodstuffs supposed to come from?"

While on the whole endorsing the idea of establishment of a national Peasant Union, G. I. Churkin stated the opinion that a peasant party could be formed. "A peasant party should be without an army of dismissed functionaries. And it should defend the interests of the peasants in all elected bodies. It must draw up a program, which would be submitted to the government. If no agreement is reached, it could withdraw entirely from dealing with the government, find partners abroad, and obtain machinery and equipment which is up to the highest world standard.

"Over the course of the last quarter of a century the problem of rural development in this country has remained on the agenda of the highest authorities," stated A. N. Kovalevskiy, director of the Sovkhoz imeni 50th Anniversary of the USSR, Maritime Kray. "Social conditions of urban and rural life, however, have not converged in a single criterion area." In the opinion of the speaker, these conditions can be changed only by one means: by undertaking as much rural construction as possible. But matters pertaining to capital construction are the most difficult problem issues of rural life.

"We are acutely short of construction facilities and capabilities. But what is happening? Maritime Kray Agropromstroy does only what it pleases and where it pleases. It receives centralized funds for equipment and supplies, bypassing our agrosoyuz. In my opinion our rural construction must be returned to the control of the kolkhozes, sovkhozes and those entities which are presently being formed in the village."

Addressing matters of organization of labor and labor remuneration, the speaker posed the following question: why is it that not one of the new forms of agricultural operation which have recently been proposed has actually gotten moving? The answer is that both the collective contract and lease relations, no sooner had they appeared, were immediately bound down and restricted by all kinds of regulations. And they have not enabled the agricultural worker to get moving, as was the original conception, and to work at full steam.

The speaker addressed the question of the role of farm managers and specialist personnel. At the present time

they have proven to be a buffer between higher-echelon organizations and workforces. And it is sometimes impossible to withstand the double weight. "This is a result of the flawed nature of our regulatory documents and poor supply of material and technical resources. All this affects specialist personnel first and foremost. And at the same time they are subjected to the heaviest attack by the mass media."

S. S. Drozd, general manager of Gomselmash, self-critically acknowledged that in recent years the association he heads has received valid criticism for a poor technological level and poor product quality. The speaker stressed one among many causal factors: the desire by business executives to produce as much feed crop harvesting equipment as possible and as quickly as possible resulted in producing hastily-designed equipment without correcting deficiencies revealed in the process of equipment operation. "We must correct these mistakes," the general manager agreed, noting that in 1987, when subsidies were reduced, agriculture refused to accept trailer-type combine harvesters, and there was a sharply diminished demand for the self-propelled feed harvesting combine.

Having studied foreign-manufactured equipment, the combine builders concluded that a self-propelled feed harvesting system was the most modern and needed equipment for the farmers. This system consists of a Polesye power unit as well as Champion combine harvesters, which are made by a West German company.

A government decision was made at the beginning of last year to set up production of systems of this type at two plants—at the Gomselmash Production Association and at the Lyubertsy Plant imeni Ukhtomskiy. Unfortunately, after working for a year on the design of the Chempion [Champion], the Production Association imeni Ukhtomskiy proved to be unable to build these machines. And of course the 185 systems built to date by the Gomel people are far too few. But it is now clear that our machine builders will be able to develop this equipment in the future and manufacture it in large volume.

The speaker did not promise to meet the economy's requirements in the next year or two, however.

It requires 330 million rubles of capital investment just for the first stage to build facilities for the manufacture of 5000 Polesye systems. The machine builders do not have such funds available and, judging from responses at various levels, adequate funding is not foreseen. Further indebtedness is out of the question. The association is already 226 million rubles in debt. There is a shortage not only of financial but also of material and technological resources. They are short of metal, varnishes, paints, wood, and many other items. "Even the state procurement order," the speaker noted, "falls short on material resources. This year only 20 percent of targeted metals stocks were actually allocated, and at the present time workforces are regularly standing idle. If these problems

are not resolved in the latter half of the year, a total shutdown of production is inevitable," the speaker stated in conclusion.

"We agrarian workers," stated V. L. Bedulya, chairman of the Sovetskaya Belorussiya Kolkhoz in Kamenetskiy Rayon, Brest Oblast, "are constantly being blamed for the fact that grain, meat, vegetable oil, and sugar must be purchased abroad. This is a valid complaint, but who of you in the audience can remember when we had such a fortunate year that equipment was not standing idle in various parts of the country due to lack of fuel and lubricants, even during grain harvest time? Should we perhaps stop supplying oil to other countries? Perhaps it does not make sense to convert this foreign currency, obtained from the sale of fuel, subsequently into foodstuffs. Calculations indicate that this country loses up to a million tons of sugar due to the fact that sugar beet processing continues up to March.

"When my colleague Comrade Motornyy was in Moscow, he began his day with an attempt to get to see N. I. Ryzhkov to submit a single request. We were entering spring, and yet 70 percent of tractors on the kolkhozes and sovkhozes were standing idle due to lack of refined petroleum products. And this after USSR Gosnsab head Comrade Mostovoy stated unblinkingly, at a meeting with national leaders during the Second Congress of People's Deputies, that rural supply would be in fine shape in 1990."

Bedulya is convinced that supply to agriculture not only has not improved but has significantly worsened. Last year supply to agriculture shortfall figures included 40,000 tractors, 22,000 trucks, and millions of cubic meters of lumber. This is why V. L. Bedulya feels that it is necessary immediately to restore USSR Agrosnab and the Ministry of Agriculture.

In conclusion the speaker substantiated his firm conviction that what the peasants need is not a peasant party but a reliable Peasant Union. "Most of us," he said, "are Communists, and each in his own area has done everything he could, and sometimes a bit more. How can we now, at the most critical moment for our party, on the eve of its 28th Congress, deal such an irreparable blow, resulting in millions of the staunchest rural Communists leaving the CPSU?"

L. S. Lobyshev, director of the Leninskiy Luch Sovkhoz, Leningrad Oblast, addressed the congress on behalf of the credentials committee. In particular, he reported that the congress had been preceded by meetings of workforces on kolkhozes, sovkhozes, at service industry enterprises, as well as conferences in rayons, oblasts, krays, and republics. The forms of conduct of delegate elections were determined directly by the republics.

"The credentials committee, having examined data on the delegates to the constituent congress of the Peasant Union, reports that the delegates include managers, directors and specialists from kolkhozes and sovkhozes,

industrial and agroindustrial organizations at various levels which are components of the agroindustrial complex.

"A total of 1,925 delegates from nine union republics were elected to attend the congress. The Uzbek SSR, Moldavian SSR, Georgian SSR, Lithuanian SSR, Latvian SSR, and Estonian SSR have sent representatives.

"Delegates were elected as follows: one delegate from three administrative rural rayons. The credentials committee has examined and approved the delegates' credentials. 1,817 delegates are in attendance at the congress, while 108 delegates are absent for valid reasons.

"1,313 delegates (approximately 70 percent of the total) are kolkhoz farmers and sovkhoz workers. More than 6 percent represent peasant farms and leaseholders (120 farms). Six delegates in attendance are from cooperatives."

The credentials committee report was followed by continued discussion of the principal agenda items.

"Just as in the past we adopted mechanization, land reclamation and improvement, and other agricultural development programs, today adoption of the lease contract is occurring everywhere," stated V. F. Pryanishnikov, independent farmer from the 50th Anniversary of October Kolkhoz in Voskresenskiy Rayon, Saratov Oblast. "And having today proclaimed the slogan 'lease everything out,' we expect to see real results tomorrow. But it cannot happen that fast.

"Too many kolkhoz members are merely performers of specific types of job. They are accustomed to having kolkhoz specialist personnel decide everything for them. They are satisfied with the fact that wages are paid to specialist personnel. Only a small percentage want to work independently and fully to dispose of their income. The independent farmers will come from this segment.

"Today, when equality of all forms of farm operation and management has been proclaimed and laws on leasing, land, and property ownership have been passed, there are many in Saratov Oblast who wish to work as independent farmers, in agricultural cooperatives, and under lease terms. On 27 March I received a state certificate of title for 48 hectares of land with right of inheritance. I have entered into a contract with the 50th Anniversary of October Kolkhoz. I have leased the necessary equipment with option to purchase. A house and vegetable storage facility are under construction, and farm buildings are being erected. In order to manage the operation knowledgeably, I have completed an independent farming operation course of study offered by the Leningrad Agricultural Institute.

"How is the question of organization of peasant farms being handled in Saratov Oblast? Last year an association of peasant farms, agricultural cooperatives, and

leaseholders was formed. It works in close contact with local soviets, party agencies and the oblast agroindustrial union.

"What is currently impeding organization of peasant farms? In my opinion there is no mechanism for land transfer. Yesterday I saw a television interview with Ye. K. Ligachev. He was telling how the Swedish farmers are well equipped with machinery. When will the Soviet farmer be equally well equipped?"

"And in conclusion: what do I expect of the constituent congress? I think that we in fact do need a peasant party. In my opinion the government will listen only to the voice of a peasant party."

Ligachev, Others Address Peasant Congress

904B0226A Moscow SELSKAYA ZHIZN in Russian
14 Jun 90 pp 1-3

[Report on speeches at continuation of constituent congress of USSR Peasant Union in Moscow on 13 June, by V. Birkunen, N. Kopanov, Ye. Petrakov, and S. Chudakov: "We Are Overcoming the Peasants' Lack of Rights"]

[Text] The work of the constituent congress of the USSR Peasant Union continued on 13 June in Moscow.

The night before, the delegates continued the discussion of the report of the organizing committee and the co-report from the government. N.I. Ryzhkov, Ye.K. Ligachev, Yu.D. Maslyukov, and Ye.S. Stroyev participated in the work of the congress.

Residents of Turkmenistan understand well that only consolidation of a healthy, balanced approach, mutual desire for mutual understanding, and respect for one another can produce a real way out of the impasse, the crisis situation in which the country has ended up—said the kolkhoz [collective farm] chairman of the agricultural firm Sovetskiy Turkmenistan, Hero of Socialist Labor Muratberdy Sopyyev.

The rural population of Turkmenistan is larger than the urban, and their numbers are increasing each year. This peculiarity, which is positive for other regions, has negative consequences for us. In terms of many indicators of the standard of living—housing, hot water supply, central heating, gas, the existence of a network of water lines, sewage systems—the rural resident of Turkmenia holds last place in the country.

I wish to draw the attention of the participants in the congress to the serious ecological situation in the republic, especially in Tashauz Oblast where every fourth resident is registered with the dispensary. The life span is decreasing and the number of cases of hepatitis has increased. The reason for this is the shortage of clean drinking water. The great river of Central Asia, the Amudarya, on the way to the Tashauz oasis is changed from a river of life into a sewage ditch. Indicators

reflecting the level of development of public education, public health, culture, and municipal services are low.

The facts given here are far from a complete list of the negative aspects of the life of Central Asian peasants. An analysis of the state of affairs in the agricultural economy shows that it is virtually impossible for the peasants of the republic to solve the current problems with their present economic base. This pertains above all to the provision of capital and energy for the farms. The availability of energy is lower than in neighboring republics. The average annual delivery of tractors under the 12th Five-Year Plan decreased significantly as compared to the preceding ones.

If one examines the dynamics of the growth of prices for technical industrial products and agricultural products, one concludes that either speculation or robbing of the agrarian sector is involved. The increased cost of industrial products essential for the farms is added to the production cost of agricultural products and is only partially made up for with subsidies and surcharges to procurement prices. With the changeover to a regulated market economy, subsidies and surcharges will be eliminated and the proposed increase in procurement prices of up to 50-55 percent will do nothing for the agricultural workers. We welcome the new procurement prices for grain crops set for this year's harvest and we hope that this will contribute to increasing grain production and reducing procurements of it from abroad. And what will happen to our region, where cotton is being raised under bad conditions? During the past five years, expenditures per quintal of cotton have increased by 40 percent and procurement prices, including surcharges, have increased by only 17 percent. Expenditures on producing fine-fibered strains are even higher. I wish to draw your attention to the fact that, while working under difficult climatic conditions, the kolkhoz workers will not receive increments to their wages or the so-called "regional coefficient." Perhaps our government should refrain from constructing costly facilities and spending money to conquer space and use this money for the needs of agricultural workers.

I support the proposal to abolish all kinds of taxes beginning in 1991, keeping only the tax on land, and the ceiling for it should not exceed 15-20 percent of the farms' net income. And another question that is very important for the republics of Central Asia: Expenditures on improving the land and land reclamation work must be made from the state budget.

I support the proposal that our union be a sociopolitical organization and that its representative be a member of the Presidential Council, and that the Union by-laws strengthen the protection of our representative from all kinds of pressure and unexpected occurrences—said the chairman of the Druzhba Kolkhoz in Khmel'nitskiy Rayon in Vinnitsa Oblast, V.F. Vilchinskiy.

Today more and more blame for the empty shelves in stores and the large losses of agricultural products is

being heaped on the peasants. But the peasants are not to blame for this. One wants to ask how many peasants could go with their hands held out and tolerate social inequality, degradation, and injustice. How long will the state monopoly destroy our rural towns and villages? How long will the peasants be kept in the grip of the administrative-command system without any rights?

The problems that have accumulated in the rural areas cannot be solved by half measures and promises. The peasants are tired of promises. It is necessary not in words but in deeds to declare a whole five-year plan of regeneration of the rural areas and protection of peasant rights. It is necessary to give the rural areas everything that can be taken from the cities. Then even as our congress meets we will receive precise and clear-cut answers to many of our questions. This will not be the kind of answer we received from Comrade Nikitin.

Throughout the civilized world the peasants are the most respected workers with high wages. I recall the words of the chairman of the Central Union of Agricultural Producers of Finland at the fourth all-union congress of kolkhoz workers. He said that the peasants are the most important people in the world. All people, right up to the most highly placed leaders, receive their piece of bread from the hands of the peasant. His task is very difficult. He must fight against natural adversities as in a chess game where nature has the white pieces and has the right to the first move.

With these words, let us see infuse profound meaning into economic policy in rural areas. After all, it is a fact that in Finland, Holland, Sweden, the United States, and other countries there are not so many problems in producing agricultural products as in selling them. These countries, incidentally, are very frequently visited by our highly placed state and political figures who study the work that is going on there. When they return home they eagerly share all that is good. But in practice everything remains as it was 10-20 years ago. Should we resort to hiring consultants and buying technologies and equipment, mini and otherwise, for peasant farms and farmers? We should try everything, especially for the processing of meat and dairy products and developing similar industries for production materials and other things, which are vital and will go far to move our agriculture out of its inertia.

The speaker went on to discuss the problems of the Ukrainian villages. The rural population is decreasing catastrophically. The reason for this is that many social problems are not being solved.

Look, comrades, the speaker said, addressing those in attendance, at what is being done around the cities today. Look at the kinds of dachas being built there, the materials in short supply being used there! Bulldozers, cranes.... And yet the tractor driver or the milkmaid cannot find a brick anywhere today. I asked in the republic and the oblast: Why does it turn out that way, and where can the kolkhoz worker get construction

materials? They answer: The law is in favor of the dacha owner. Why is there a law for the dacha owner and no such law for the kolkhoz worker?

The floor was turned over to the chairman of the Kolkhoz imeni Ordzhonikidze of the Dagestan ASSR (Autonomous Soviet Socialist Republic), M.A. Chartyayev. It is his conviction that the only reason for all the troubles and problems in the country's agriculture is the fact that everything here is public and belongs to everyone, and on this public property which belongs to all of us we are hired workers.

Not one of you sitting here can say how much value he has created with this public property. This is because the workers are alienated from the property, from that which they create with their minds and their hands. The speaker said that everything public should have a concrete form. For it is impossible to force a milkmaid, herdsman, tractor driver, truck driver, or specialist to work. But this is what we have been trying to do for many years, at first with appeals to heroism and enthusiasm and then with recourse to coercion and fear. We have separated every person from that which he has created. The results of his labor are appropriated by someone higher up. And the person higher up is also a hireling because he is not an owner, because he too has been moved around and his role has been defined for him. Is it really so incomprehensible that all of us must be freed from this hiring practice in one fell swoop? So that everyone will be motivated and calm and nobody will dictate to anyone else. Are we really incapable of developing a law of economic responsibility? And those who sell poor-quality machines should be held personally responsible to the peasants. Such a law has been in effect on our kolkhoz for a number of years. Everyone bears personal responsibility for what he has done or not done.

The speaker shared his experience and mentioned some positive changes. Incidentally, SELSKAYA ZHIZN has repeatedly discussed this economic experiment with a good deal of interest. The speaker said the innovation is impeded by the fact that it is not being extended to service and related branches. There is no reverse dependency whereby everything must serve only the worker, precisely his interests.

The chairman of the Beysug Kolkhoz in Primorsko-Akhtarskiy Rayon in Krasnodar Kray, G.G. Golovenko, noted in his speech that the voice of the peasant must be heard by the country's leadership, the Council of Ministers. The decisions of the 19th All-Union Party Conference concerning priority development of agriculture, in the opinion of the speaker, are not being fulfilled. Nothing has changed since the March (1989) Plenum of the CPSU Central Committee. The well-known appeal of the agrarian workers to the First USSR Congress of People's Deputies has actually been ignored. Leaders of the country's government came to the recent congress of agrarian workers of Russia only at the demand of the

delegates. Does this not confirm that they have a negligent attitude toward the peasants?

Now everyone is blaming the kolkhozes for the economic crisis. The society is trying to find a scapegoat in the kolkhozes.

Everyone has forgotten that for many years past and even now the kolkhozes serve as a convenient instrument for the state to rob the rural areas. A liter of mineral water costs 20 kopecks and up until recently a kilogram of Kuban wheat cost 7.8 kopecks. Slightly sweetened and colored water costs more than milk does! Moreover, prices are increasing rapidly for everything necessary for work on the fields and farms. The Don-1500 combine now costs three times as much as it did before. Prices have also risen for other agricultural equipment as well as fertilizers and construction materials.

Here, first deputy chairman of Gosnab [State Committee for Material and Technical Supply], V.V. Melashchenko, left the podium offended. He did not like the reaction of the delegates. Yet the peasants have not taken offense for more than 70 years now, during which time people have only taken from them and given nothing. Patronage ties between the city and the country have been completely severed.

In the bowels of the Ministry of Finance a document was recently generated according to which the farms must pay a tax for equipment that is operated beyond the amortization period. And this is happening under conditions where the state will not provide new equipment in exchange for the old. In Krasnodar Kray the farms had written off 3,500 trucks by harvest time. But they did not receive a single new one.

The kolkhozes and sovkhoses provide all their own social facilities and at their own expense. And the state, as usual, stands on the sidelines. The work for providing telephones and gas in rural areas is clearly unsatisfactory.

The chairman of the Kolkhoz imeni Buznitskiy in Mironovskiy Rayon in Kiev Oblast, A.I. Danilenko, drew the attention of the delegates to the fact that the first day of the work of the congress was coming to an end and many speakers were continuing to harp on issues which are completely clear. Therefore he suggested that the direction of the work change sharply.

I do not think that the government's co-report satisfied all of us. I do not wish to offend Comrade Nikitin but I want to say that we expected not historical research on the Russian peasantry but a governmental program concerning the fate of our rural areas.

We must develop a program for preventing losses of products. This must be done today because tomorrow will be too late. And the smallest rayon should have its own meat combine and dairy. And we must sell not raw material but prepared products.

A.I. Danilenko ended his speech with a warning about the great responsibility that lies on the shoulders of the

constituent congress. If we have created the same kind of organization as the United Kolkhoz Council, I do not think there is any point in any further discussion, he said.

The disease of our peasantry has been discussed here, said a peasant farm owner from Tselinogradskiy Rayon in Kazakhstan, Zh.G. Isakov. He noted that in their discussions the delegates expressed various attitudes toward peasant farms: from cautious and hostile to laudatory. In the speaker's opinion there is no reason to praise peasant farms. But they should not be feared either. The farmers are participants in agricultural production with the same equal rights as the sovkhoses and kolkhozes. The only difference is that their expenditures are one-half to one-third those of the kolkhozes and sovkhoses. This has already been proved. Therefore there is no need to fear the businessman and the entrepreneur. There is nothing terrible in this. The majority of farmers joined cooperatives. They could not survive without cooperation.

There is a lot of discussion about the land today. And there are good laws. But they do not work. Why? Because there is the fear that the peasant farms will become a privileged class. There is nothing to fear here. During all the time of their existence a peasant has never become a millionaire.

The director of the Nivskiy Sovkhoz in Murmansk Oblast, V.V. Kalayda, argued with those speakers who attack the administrative apparatus. He was bothered by this discussion. It is not a matter of the number of members of the apparatus but the effectiveness of their work and the return from it. But what return can there be if this apparatus is given the right to inactivity, irresponsibility, and arbitrariness in decisionmaking! The time has come to change from anarchy and voluntarism to normal contractual relations.

Speaking of capital construction, the speaker noted that all facilities under construction in rural areas should be included in the state order which would be fully backed with resources and finances. Construction and contracting organizations should be assigned to each kolkhoz and sovkhos.

The chairman of Tsentsosoyuz [Central Union of Consumer Societies], P.S. Fedirko, discussed the problems of consumer cooperation in rural areas. Its roots go deep into this life. And it has not escaped the troubles that have befallen all peasants.

Today conditions are being created so that the situation with trade in rural areas can be changed resolutely. At a recent consumers' cooperation congress to this end, a program for radical restructuring of the activity of consumers' cooperation was adopted. This has already made it possible to make certain progress.

We cannot provide for the rural areas if practically all of our procurement and processing activity is concentrated mainly in the rayon centers. The work that is being done

today to create so-called sel'pозagotprom [probably Rural Cooperative Procurement Enterprises] pertains above all to central farmsteads and large population points. But we must go into the more remote areas. We must acquire products from the rural workers there and process them there.

It would undoubtedly be hard for us to raise all of these problems alone. But if we join forces—and in places where this is being done we can already see good results—we will be able to do considerably more for rural areas and do it more quickly than we are today.

The first thing to which I should like to draw your attention is that, in order to develop market relations, we must first have resources for unrestricted sale. But I emphasize even what we procure from the population today we must turn over to state resources. Last year alone we procured from the population 2.7 million tons of potatoes and were able to dispose of only 400,000 tons through free sale. All the rest went for state deliveries. The picture is approximately the same for vegetables: 1.7 million tons were procured and we were actually able to utilize only 740,000 tons. The same thing is true for all other products.

The second thing I should like to discuss is that the procedure adopted for procuring leather and fur raw material should be more flexible. So far we are remaining within the old framework of the administrative system when it comes to this matter and we are actually turning these products over for state deliveries. The rural areas are deprived of the opportunity to have warm clothing, footwear, and other consumer goods which could be manufactured from this raw material, including at our enterprises. Yet it would be simple to solve this problem. If in exchange for the raw material we deliver we were to receive finished products from the enterprises there would also be motivation to deliver these raw materials.

The rural residents continue to be short-changed with respect to the delivery to rural areas of the products we receive from the state. We serve practically 40 percent of the country's population and receive, for example, only 27-28 percent of the sewn items and less than one-third of the market supply of knitted items and footwear. The sale of automobiles has practically come to a halt. The amount of goods sold for a rural resident is less than that for an urban resident by a factor of 2.2. I am not at all inclined to remove the responsibility for solving these problems from the consumers' cooperative organizations. Probably the fact that not everything is resolved the way it should be has something to do with our serious shortcomings, including, say, those of the Tsentrsoyuz [Central Union of Consumer Societies]. I think that this congress will be of great benefit to us.

The floor was turned over the V.M. Kusanin, director of the Sovetskaya Rossiya Sovkhoz in Gorodishchenskoy Rayon in Volgograd Oblast. In particular, he said that the dissatisfaction with the poor material and technical supply evoked a strange reaction from the hall. They

drowned the speech by the Gossnab representative with applause. I do not blame him personally. It is not his fault that there is no delivery discipline in the country today. We have changed over to direct ties whereby you take your meat to the plant; otherwise, you receive nothing. But you cannot get two skins from one sheep. It would seem that we simply have to set up strict discipline.

We need to think about how we can regulate prices. Perhaps we should come closer to world prices in order to change over to the convertible ruble. But if we change over to world prices for machines, let us think about making sure that their quality is the same as in the Western countries. The American tractor runs an average of 500 hours before its first breakdown and ours—barely eight. Four days ago we picked up a T-150 tractor. It did not even make it to the sovkhoz before the crankshaft broke. It is also important to have a choice: to buy a domestic tractor or a foreign one. There should be a choice and there should also be a striving on the part of our machine builders to do conscientious work.

It is time to proceed more boldly toward improving the structure of management. We have reduced the apparatus for management of the rayon agroindustrial association to 14 people, including drivers and the typist. We have established a table of staff distribution for them, we pay them wages, and they periodically report on their work to the council of directors.

It seems that it is necessary to develop a management structure at the very top. I suggest that our structure be organized from below according to the principle of democratic centralism. We pay salaries to the rayon and oblast organs and the ministry, but we do this so that they will be answerable to us and will implement our policy.

It seems that everyone agrees, emphasized chairman of the Saratov Oblispolkom [oblast executive committee] B.Z. Dvorkin, that the problems must be solved sequentially, beginning with the main one. And no matter how you look at it, the main one is agriculture. Ignoring this truth is one of the main mistakes of perestroika. We have never paid serious, comprehensive attention to the development of rural areas. If we get rid of the covering of propaganda, it turns out that the rural areas have always been the Cinderella in the country.

This is why we have still not created an industrial complex that produces machines for agriculture. The peasants have always been patronized, made to beg, and done out of their share. Orders from rural areas are filled with production leftovers and the main implements for the farmers—harrows, plows, cultivators, and subsoil tillers—are made by a manufacturer whose address most frequently begins with the mysterious letters "ush," which designates an enterprise of the system of corrective labor institutions of the Ministry of Internal Affairs. This is why the harrows lose their teeth and the cultivators cannot be adjusted to the necessary depth.

The speaker criticized the position of CPSU Central Committee Secretary Ye.S. Stroyev regarding this issue. In particular, at the conference in the CPSU Central Committee in 1988, when Ye.S. Stroyev was first secretary of the Orel Obkom [oblast committee], he showed that the rural areas did not have the great potential that was being talked about every day. Everyone understood this Stroyev. At a conference in the RSFSR Council of Ministers, Yegor Semenovitch taught how one should improve the structure of the planted areas and how to take care of the crops. And that was all there was to it. It is difficult to understand this Yegor Semenovitch. After all, everyone is well aware of which branches have had and still have the real priority. And there is a priority in rural areas as well.

It would be no miracle if the entire national economy turned in the direction of rural problems. Neither the farmer nor the leaser can produce anything on bare ground. This is clear to everyone. Nonetheless from the high tribunes, the television screens, and the pages of newspapers one can see the "suppressors" of the new forms of management and the kolkhozes and sovkhazes are said to be the main parties to blame for the serious food supply problem.

Why such bitterness? After all, there are few people left who do not understand that a person working for himself works better. And in Saratov Oblast there is a process of establishment of privately-operated farms. These are brave souls. In time, many kolkhozes and sovkhazes will become collectives of leasers or shareholders.

The peasantry has come to a conclusion about the need for creating their own sociopolitical organization which would defend their interests and rights. Without this further progress is simply impossible. We need an organizing force capable of rallying the peasantry who have been separated because of the specific nature of their work and leading them to win equal political, economic, and social rights.

The chairman of the Zoryany Kolkhoz in Veselinovskiy Rayon in Nikolayev Oblast, B.Ya. Buldenko, discussed the condition of the health of the rural population. The life span is considerably shorter in rural areas than in the cities and the infant mortality rate is higher. People suffer more from various diseases. Every day more than 800,000 workers of the country's agroindustrial complex do not go to work because of temporary disability. There are large losses of working time because of caring for ill children and other family members. They amount to more than 31 million man-days. And this figure is increasing from year to year. Because the health of our peasants is getting worse.

There is also a tendency toward an increase in occupational diseases. Each year more than 2,000 people are diagnosed with occupational illnesses, which exceeds the occupational disease rate in such branches as the ministry of the coal industry and ferrous and nonferrous metallurgy. Especially great concern is aroused by the

indicators of permanent disability of our peasantry. Attention is drawn to the fact that these indicators are higher than for workers and employees of other branches of the national economy. Therefore it is not surprising that machine operators and tractor drivers less and less frequently retire on pensions in rural areas: they simply do not manage to work until they reach pension age.

Industrial enterprises, institutions, ministries, and departments have their own medical facilities. The peasantry are deprived of these. We must eradicate this inequality. The speaker demanded that the government turn over some of the therapeutic and medical treatment institutions of the former Fourth Main Administration of the USSR Ministry of Public Health to the USSR Peasants' Union.

B.Ya. Buldenko went on to criticize the USSR Ministry of Communications. This ministry had issued an order to the effect that the post office can be opened only in places with over 1,500 people. But what about those villages where there are only 200-300 people? Where is the elderly peasant to go to mail a letter or acquire money? Communications workers explain this by saying that they lose money keeping post offices open in these places. It would seem that this problem must be solved.

The chairman, V.A. Starodubtsev, read a note from delegate Mikhev (Gorkiy Oblast) suggesting that a peasant party be created. Responding to this in particular, he said that there is no need to hurry to create a peasant party. This problem must be seriously discussed. Only after that should the question be put to a vote. The delegates supported this viewpoint.

Then a request was read from the delegates for Chairman of the RSFSR Supreme Soviet B.N. Yeltsin to speak before the participants of the constituent congress of the USSR Peasants' Union. It was decided to convey this invitation to B.N. Yeltsin.

The second day of the work of the congress began with a delegate from Tatariya, I.V. Gareyev, asking that one of the microphones installed in the hall be turned on.

Yesterday near the end of the Vremya program, he said, after detailed reporting on the most important events in the country and other, less significant facts, there was a brief statement about our congress. Well, what kind of information could the people receive from this kind of report? That those in attendance in the hall were mainly kolkhoz and sovkhaz leaders who were against the creation of peasant farms. In this fact, as in the articles in PRAVDA and SOVETSKAYA ROSSIYA, he sees a confirmation of the opinion expressed at the congress concerning a lack of desire to change our society's attitude toward the peasantry. In order to get rid of this prejudiced approach in the mass media in the future, he suggested submitting a detailed report on the work of the congress to the newspaper SELSKAYA ZHIZN. But other mass media must also abandon their prejudice. Look at today's criticism in PRAVDA and look at their reports on the first page of SOVETSKAYA ROSSIYA.

Then the floor was turned over to the director of the Sovkhoz imeni XXVI syezda KPSS in Nilolayevskiy Rayon in Nikolayev Oblast, V.G. Pogorelov. He sees the underlying causes of all the problems of the peasantry in the fact that it has submissively accepted all the reorganizations in administration. As a result, the rural areas have been deprived of professional protection. The fact that there is none is shown by the following example. At all three of the USSR Congresses of People's Deputies agrarian workers have tried to defend the interests of the rural areas. And they managed to have the cost of a kilowatt-hour of electric energy reduced to a kopeck for agriculture. But they could not derive any satisfaction from the billion rubles they saved because of this, since it had to be given back to pay for the higher interest rates on bank loans. This cost more than 13 billion rubles. Therefore, when creating the Peasants' Union it will be necessary first of all to restore the Ministry of Agriculture, which will protect us professionally, the delegate thinks.

On the other hand, one wonders whom they are to be protected from. Who is against the peasant today? Nobody, the speaker answers his own question. The president is "for" them, the Council of Ministers and the chairman of the Council of Ministers are "for" them. Where are all these problems coming from? They come from submissive subordination to those who control the monopolies.

The speaker brought up the statement of the general director of Gomselmash [Gomel Agricultural Machinery Plant], who explained interruptions in production by the shortage of metal for producing new equipment. But we have a good old feed harvesting combine. Leave that to us. But no, the comrades are running around the country looking for metal to produce a new one costing 25-40 thousand rubles. Will the peasants really not be able to last another year without new equipment, the delegate asked, and then he suggested not buying it from the machine builders so that they would continue to produce the kind of machinery that had proved itself. The situation of the peasants is exacerbated by the fact that so far it is not clear just how the rural areas should be supplied—through the state order or should they enter into direct communications? And in the meantime there is real racketeering on a large scale on the part of the state, which it no longer has the strength to tolerate. Everything necessary for farming exists even within Nikolayev Oblast, the speaker is convinced. He calculated that during a year a sovkhoz uses 30-40 tons of paint, obtained not through supplies but through so-called illegal means. So why not legalize them? Why not let the farm leaders buy everything they need both for cash and for credit, he asks N.I. Ryzhkov, who is attending the conference. The speaker sees the second path to solving the problem in contractual relations with the state. The state order must be fully backed by material and technical resources. If this is not possible today, the state could either act as a sponsor in relations between the peasants and foreign suppliers of the needed equipment

or it could give rural residents the opportunity to conclude agreements directly with other republics and enterprises and all commodity producers.

Ye.K. Ligachev, Politburo member and secretary of the CPSU Central Committee, spoke to the delegates of the constituent congress of the USSR Peasants' Union.

Esteemed comrades! I think that we have sufficient justification, he said, to hold a constituent congress today and to consider the creation of a fundamentally new sociopolitical organization, the Peasants' Union, to be one of the most significant events in the life of the country. Like you, I am convinced that it is destined to gain strength and develop. Moreover, I would like to say the following. If there had been such a union in the past, there would have been many fewer mistakes in agricultural affairs. Naturally, the question arises: What has made it necessary to create the Peasants' Union? In my opinion, this was conditioned by a number of factors, including the following: the increased role of the peasantry in the life of the country, its politicization, protection of the interests of the rural population, and the democratization of the society.

Here at the congress many speakers have discussed the name of the Peasants' Union. Allow me to say a couple of words about that. It seems to me that the Peasants' Union is called upon to represent at all levels the civic, economic, and social interests of the peasantry and in all ways to contribute to the development of the cooperative movement in rural areas, based on Leninist principles. The creation of the union falls into the course of the modern agrarian policy developed at last year's March Plenum of the Central Committee.

In the society there is now discussion about ways of developing the villages and the agrarian sector of the economy. I should like to discuss my ideas about this. Certain so-called experts think that our agriculture is already destroyed and in ruins, that the food problem is at a hopeless impasse, and that the country is on the brink of famine. Like many of you, I absolutely disagree with assertions like this. These are simply fabrications coming from those who have no constructive ideas; they are operating, as it were, on the negative, disparaging what has been achieved by our people and our party. And, Comrades, these are not radicals; they are not innovators. They represent the social democratic, revisionist, or national-separatist trend in the party. What innovative or radical content can there be if they are speaking in favor of private ownership of the land and the breakdown of the Soviet Union into, as it were, principalities? All this has happened before. All this is a repetition of the past. The majority of communists advocate positions of Soviet federalism and real socialism which are based upon popular will and a diversity of forms of socialist ownership.

Last year the kolkhozes and sovkhozes received their largest harvest of grain crops and their largest milk yield per cow. But, as in past years, it was necessary to resort

to purchasing grain and meat abroad, and in significant quantities. At the same time, the supply of food products to the population, particularly meat products, as you know, was severely aggravated. I think our food difficulties will continue for a long time unless we change our approach to solving this problem.

The speaker went on to discuss the social problems in the agrarian sector. Unfortunately, we often forget that the agrarian policy is not just the production of food; it is also the transformation of rural areas to fit into modern times. For it is directed toward having the peasant occupy an appropriate place in the society and toward strengthening the alliance of the working class, the peasantry, and the people's intelligentsia. It is important to create worthy conditions for life and work in rural areas. The agricultural worker must be provided with modern technology and be granted real economic independence and management initiative. Of course, the type of ownership and the form of management exert a certain amount of influence on the level of social labor productivity. But we must not search for any one miraculous means. We must work comprehensively, even if slowly, but surely.

I am in favor of a diversity of forms of management, the speaker emphasized. But at the same time, I am deeply convinced that now and in the future the basis of our agriculture will be public ownership in the form of state and cooperative enterprises; of course, transformed and integrated with individual ownership by the worker, with private yards and family farms. I would also like to emphasize the following: I am in favor of the policy of perestroika which, in addition to improvements and transformations, must include continuity. This is of fundamental significance. Otherwise, perestroika is doomed to failure. The kolkhoz and sovkhoz structure has by no means exhausted its possibilities; on the contrary, I would say that it has not yet fully disclosed the immense economic and moral potential that lies within it: Take specialization and concentration of agricultural production based on the kolkhozes and sovkhozes. Here are the best working conditions and here are the greatest results.

Now a couple of words about peasant and owner-operated farms. A couple of days ago I was with a group of comrades in Sweden and became thoroughly familiar with owner-operated farms. I would like to discuss this briefly. Here, in order to protect the farmers' interests from competition from private capital and to satisfy their needs, they are all joined together into various kinds of cooperatives and the state gives them subsidies and regulates procurement prices. It is understood that Sweden has developed under special conditions. But to be more reliable I shall say the following: Swedish farmers work a minimum of 14 hours a day. Additionally, the farmers unanimously said that they could not do their work alone. And each of them, in their words, is in four cooperatives.

It is quite clear that Soviet peasants who have decided to create peasant farms need cooperation. But then the choice of forms of management should be a purely voluntary and economically based matter.

Naturally, there arises the question of why the kolkhozes and sovkhozes in our country do not provide the population with sufficient food products. I would not like to say too much about this matter; a good deal has been said already. But I shall name several reasons: the gross deviation from Leninist principles of cooperation, the fact that the management of the kolkhozes and sovkhozes was carried out by command-administrative methods, and the outmoded storage and processing base, which led to colossal losses.

Maybe I am mistaken, but at the present time I think that one of the failures of the present leadership, which includes myself, is the withdrawal of party committees from the sphere of the economy in many places. What this has led to has been discussed at the congress. In particular, it has led to a significant reduction of aid from the cities to the rural areas. You know that this year we have an unprecedented harvest ripening. If the city takes the same attitude toward rural areas as it did last year, we are again doomed to have immense losses of agricultural products.

The speaker went on to emphasize the need for a significant increase in capital investments in the development of the country's entire agroindustrial complex and effective utilization of the existing potential. Rural areas and the entire agroindustrial complex need a minimum of a 1.5-fold increase of capital investments—through prices, through state subsidies, and through material and technical resources. The Peasants' Union and the Union Kolkhoz Council must devote constant attention to the question of maintaining the price parity between the agrarian sector and other branches of the national economy and between the city and the country. This question was considered recently by the Central Committee commission on questions of the agrarian policy. We must immediately introduce a procedure whereby the government, in conjunction with representatives of the Peasants' Union and the Union Kolkhoz Council, annually adjusts prices for agricultural and industrial products consumed by the agroindustrial complex. And this must be started now, in the middle of this year. We need an entire system of measures for state regulation, especially in the initial period of the change-over to a planned market economy.

Ye. K. Ligachev supported the proposal expressed by many delegates that the leaders of the Peasants' Union should be included in the higher state, party, and government organs. The many millions of peasants must definitely have their people there. The Peasants' Union is being founded on the eve of the 28th Party Congress which will have to adopt large decisions for renewing the party and strengthening its link to social organizations and movements. At your congress, [he said], we have heard voices about the creation of the peasant party or

the fact that it should be created. What can we say about this? I will not be mistaken if I say that the peasants believe in the Communist Party and want to be in line with it. I have no doubt that there will be communists in the Peasants' Union and that they will actively get down to work and actively win over the masses and strengthen the authority of the party. This is very important under the conditions of the growing multiparty sympathies. In this case, there can be no doubt that the Peasants' Union will contribute to the strengthening of party positions among the rural population and that it will indeed serve as a factor that consolidates the peasantry. The Party Central Committee recommends that all party committees lend all kinds of support to the Peasants' Union in the local areas.

The people want peace and personal security, conscious discipline, organization, and law and order, said Ye. K. Ligachev in conclusion. Such demands are coming from the depths of the masses. It seems to me that the most important thing now is to rally the working class, the peasantry, and the intelligentsia for the struggle to preserve the unified socialist union and real equal rights of all peoples of the country. Who is capable of doing this? Only the Communist Party and the Congress of People's Deputies. An immense detachment of communists is working in the rural areas. Of course a very, very great deal depends on the center, on its positions and actions, but you will agree, Comrades, that a very great deal can also be resolved through the forces of the local organs. And here we must act with initiative and responsibility. We all believe, I hope, that the Peasants' Union will become a significant force in the Soviet society. It is important to make this organization useful, above all, to workers of the entire agroindustrial complex. They are a reliable support and protection in solving economic, political, and social problems. Allow me, esteemed Comrades, to wish you complete success in your remarkable new undertaking!

The next speaker, the chairman of the Krasnyy Oktyabr Kolkhoz in Stolbitsovskiy Rayon in Minsk Oblast, A.V. Yuntsevich, made critical remarks about Ye. K. Ligachev's speech. In Yuntsevich's opinion, the secretary of the CPSU Central Committee did not say what would happen to agriculture next, how it would develop, or how people would live in rural areas.

It is written in the draft resolution of the constituent congress that the peasantry will take responsibility for the economic failure in our country, the ruin and the lack of food products. The speaker did not agree with this wording of the issue. The peasantry is not to blame for this. The rural workers have done everything they can to provide the country with meat and milk. And today the system has led to where, in rural areas, to a point, the farms cannot buy anything.

The speaker supported the idea of creating a Peasants' Union which would defend the interests, honor, and dignity of our peasantry and their right to a better life. The union should be independent. A.V. Yuntsevich

suggested selling agricultural products abroad. With the hard currency, it would be possible to purchase the needed machinery, technology, and equipment—that which our government is not giving us. It is impossible to understand why the Ministry of Foreign Economic Relations spent 300 million hard currency rubles on bad Turkish tea. Why are these questionable decisions made?

The chairman of the agricultural firm "40 let Oktyabrya" in Taldy Kurgan Oblast in Kazakhstan, N.N. Golovatskiy, spoke about various forms of farm management. Today these are kolkhozes, sovkhozes, peasant farms, and cooperatives. Today it is advantageous for some people to have our cooperators [members of cooperative societies] and farmers lock horns with the public farms. This is incomprehensible: Was this campaign not organized to distract public attention from the major problems—distribution of the profit earned by the peasants, equivalent prices for products of the city and the country, and material and technical backing for the state order.

Today people are saying that the leaders of the advanced farms are against the small farmers. This is not true. It is simply that the small farmers are not able to provide what is needed even for themselves.

Look at what is happening while this battle between proponents and opponents of the kolkhoz system is going on: the state has forgotten the peasantry. Any farm leader will tell you that he has nothing left from the profit he earns. So how are the farms to develop normally? After all, the Ministry of Finance can appropriate as much as 60 or 80 percent of the net income from the agroindustrial complex. This is not normal. And against this background the discussions of the advantage of the small farm are not very convincing.

Tell us, please, which farmer can last if they take 80 percent of his profit away from him? He will immediately be ruined and give up his occupation. Why does the American farmer pay out a total of only 20-25 percent of his net income?

Now about prices. Even the State Committee for Statistics has stopped publishing a comparison of procurement prices of products from agriculture and industry. They are apparently ashamed. Through prices a considerable part of the national income produced in the agroindustrial complex is transferred to other branches of the economy.

This is why the rural areas are becoming poorer and poorer from year to year. Nonetheless, the Ministry of Finance has no intention of letting up. The finance minister, Comrade Pavlov, is avidly looking for ways of increasing the revenue part of the budget, no matter what. This will be at the expense of the rural areas, of course. Previously we were praised for the fact that our technical equipment works for a long time and a tractor was in operation for up to 20 years. But now the Ministry of Finance has imposed a tax on these tractors. How can that be? I do not understand.

I think the party and the government should be concerned about giving political priority to the rural areas. Judging from the updated draft platform of the CPSU Central Committee for the 28th Congress, there is to be no mention of this. Too little has been said about the peasantry there. How can it be that we convene this congress and yet do not want to tell the truth? The myth has been circulated that the apparatus and the kolkhozes are to blame for all the food problems. But neither the Gosagroprom [State Agroindustrial Committee] nor the RAPO [Rayon Agroindustrial Association] is the primary cause of the peasants' problems.

In any country of the world except for ours there is a ministry of agriculture. We are the only country without one. Are we really wiser than everyone else?

This is the first time I have seen Comrade Nikitin. I do not know what his commission is doing. I sent one letter there and have not yet received an answer (it has been three months already).

Comrades, we created a good organization—Mezhkolkhozstroy [Association for Interkolkhoz Construction]. We went to sleep one night and the next morning it was not there. Who stole our construction organization? I do not know. There go our millions. But they did not ask us, and they took away our construction base as well.

And the last thing. Is it not time to replace Gossnab [State Committee for Material and Technical Supply] with Agrosnab? As soon as we change over to the new supply system, we shall see that nothing happens. Give us our companion organizations and we shall succeed.

The chairman of the Kolkhoz imeni K. Ismailov in the Tajik SSR, Sayfidin Sadridinov, supported the other speakers in saying that the prices of technical equipment had risen higher than the roof of the world—the Pamir, while procurement prices for agricultural products were still miserly. Then he addressed the scientists and the ministries and departments who remain deaf to the needs of agriculture. The command system is still in effect for the peasantry. The speaker demanded that this come to an end. It is better to pay attention to the needs of the peasantry which, without social amenities and working without rest, receives 60-140 rubles per month. The per capita income of the family of a Tajik kolkhoz worker is 22-28 rubles per month. On farms that are less profitable or operating at a loss, it is only six rubles. Yet the average earnings of a worker in the plants and factories is 250-350 rubles per month, and scientists, specialists, and managers get even more, not to mention the cooperatives.

There is not enough technology or equipment for processing enterprises, timber, or slate. All of this could have been obtained, for example, from the Urals or from Siberia and the Kuzbass in exchange for fruits and vegetables, but there is a ban in effect against shipping agricultural products outside the republic.

Certain decisions are made in the Union government, while others are made in the republics, and the farmers suffer. There is nobody to protect them. Therefore, to the many expenses of the Tajik peasants another is added—payment for water. But in this region, more than 40 percent of the irrigation water is natural water from melted snow and springs.

The chairman of the Balashovskoye APO [Agroindustrial Association] in Balashovskiy Rayon in Saratov Oblast, A.I. Galichkin, called for concrete actions and suggested changing over to discussing the drafts of the documents. The peasant should not have to get on his knees and beg anymore. It is necessary to make demands.

The speaker noted that it would be possible to slip into trivial matters again today. Like saying that few people understand why the peasants have gathered. The mass media are handling this most important event tendentiously and superficially. The program Vremya, for example, reported that farm leaders had gathered at the congress. It is a good thing that television did not add in its commentary, as is now the fashion, that the "advocates of serfdom" are trying to save their hides and defend the possibility of their continued existence. Hollow information is being fed to the public and millions of people are being deceived.

And the rural citizens are losing their patience. Difficult as the country's economic situation may be, agriculture should be given priority. Everything else is deception and hypocrisy. Otherwise, the agroindustrial complex can expect a complete collapse.

So far there has been no serious discussion of the processing industry at the congress, said the director of the Shchelkovo meat processing plant, V.M. Zatserkovnyy. But the products cannot appear on our people's tables until they are processed. A great deal depends on its quality, on what lies on the tables. If we are discussing this now, how can we fail to mention the processing industry.

After our ministry was eliminated, our processing workers were left in a difficult position. You have to bribe people with gifts in order to get anything. Well, how can that be? How can we go on working? Take the situation with the delivery of consumer goods. Point 8 clearly discusses the development of direct ties. What kind of direct ties can there be if the Ministry of Trade issues its order for the delivery of meat on the fifth to the eighth of each month and then changes these orders on the 15th-20th. What kinds of state deliveries can there be? For us processors the state order draws 100-110 percent of our output.

Or take the quality of the products that are produced. A large part of the equipment is already 15-20 years old. And industry is now producing nothing for us. Minlegpishchemash [Ministry of Machine Building for the

Light and Food Industries] has been eliminated. But what have they given us to replace Minleppishemash? Nothing.

Recently there was an Agropromash [probably Machine Building for Agriculture and the Food Industry] exhibit in Leningrad. The Geweke [Giveka] firm from the FRG sent a plant covering approximately 30-50 square meters which included 50-liter mixers ["kutoratory"], extruders, and baking ovens. This equipment was produced right there at the exhibit. So why does the government not give us who are processors these shops? [This could be done] using loans.

How can one work with economic accountability and continue to do business if more than 70 percent of our profit can be taken away from us? And what if we were to use this money to buy meat for processing at a price appropriate for our business and we made sausage at the contract price? But we cannot do this.

The chairman of the Luch Kolkhoz in the Udmurt ASSR, I.P. Perevoshchikov, said in his speech, in particular, that the problems the congress is trying to resolve today were raised long ago. For example, at the Fourth All-Union Congress of Kolkhoz Workers. But, unfortunately, there were no results. M.S. Gorbachev, N.I. Ryzhkov, and other leaders were also present at that congress.

Nonetheless, representatives of state power when ascending to the podium today have not been able to answer the question of what they have done for the peasant during the two years that have passed since the Fourth Congress of Kolkhoz Workers. Again and again, facts have been presented showing that the kolkhoz workers are living worse. And nothing is being done to make their lives better. The extortion is still the same, the distorted prices cannot be changed, and nobody intends to give the peasants their freedom.

It is necessary to restore the Ministry of Agriculture and it is time for us to have our own agricultural bank and insurance organ. Let these institutions be in the hands of the Peasants' Union.

I. Razev, chief of the Azermezhholkhozdvornitsa association, thinks the constituent congress is a remarkable event that is possible only because of perestroika, which has boldly broken down outdated forms of management. The creation of the Peasants' Union is in the interests of all segments of the rural population and all forms of ownership and management. It will be able to solve many of today's problems.

Silence and dispassionate or, rather, melancholy acceptance of arbitrariness has broken the back not only of the Azeri peasant but also of the Russian grain grower and the Uzbek cotton grower. Many ministries and departments—and I am not even talking about the republic agroprom and various offices gathered under the same roof—seem to have set the task of destroying the rural areas.

In just one year, prices of technology, farm equipment, fuel, construction materials, and other material resources have risen by a factor of 1.5-8. Of course, the increase there has been in the procurement prices for grain and cotton cannot rectify the situation. The peasants' incomes are eaten up by various taxes, insurance payments, and tariffs. The rural areas are being impoverished because of the administrative-command dictatorship.

One-third of all the families in Azerbaijan, or four-fifths of the rural families in the republic, are living below the poverty level. The Peasants' Union should come to their defense. The speaker wished the new organization would participate actively in the arrangement of the new economic ties between the city and the country. We peasants, he said, are proud people and we do not accept charity. We need economic relations with equal rights with industrial enterprises and we need a system of legal contracts, for violation of which the plant or farm would pay a fine. Ultimately the grain growers want to choose their own partners from the industrial complex—solid ones that will keep their word.

There are not many joint enterprises yet but they already exist in Azerbaijan. It is important for their numbers to increase so that they will set the pace in rural areas, and not the orders from individual ministries and departments. The interests of all peasants, regardless of where they work—on kolkhozes, sovkhozes, in the cooperative sector, or on family farms—for the most part coincide absolutely: they are called upon to feed the country and receive what they deserve for their labor. How can this be accomplished?...

The speaker suggested that in Azerbaijan it is necessary to take concrete measures to break down the cumbersome, poorly managed kolkhozes and sovkhozes and create compact farms and cooperatives on their basis. In mountainous and foothill regions and places where the demographic situation allows, on the basis of kolkhozes and sovkhozes that routinely operate at a loss, it is necessary to give space to peasant farms.

The delegate thinks that the new sociopolitical organization will help to break down overt and covert counteractions and the negative attitude of certain leaders toward the new forms of ownership and kinds of management and to remove all obstacles from the path of the farmer. There is no doubt, he said, that the Peasants' Union will be a real protector of the interests of the peasant and will unite all farmers of the Soviet Union. Therefore, agricultural workers of Azerbaijan approve of the creation of the union and will participate actively in its work and render the necessary assistance to its fruitful activity.

A delegate from Krasnoyarsk Krai requested the floor and without going up to the podium said from the floor that, in his opinion, N.I. Ryzhkov's first speech at the first congress of agricultural workers of Russia contained no radical suggestions for changing the state of affairs in

the rural areas. If today there were no such proposals or answers to all the questions raised by the peasant delegates, it would be necessary to prepare demands, right up to the point of ultimatums, to the government and to make sure that these demands were met. The speaker added to the package of demands from the congress a number of his own, including nonproductive land reclamation work, mixed feed, and the processing and food industry. He suggested bringing to a vote the question of creating a ministry of agriculture for agroindustrial supply and writing off indebtedness on loans.

The next speaker, the director of the Kremenchugskiy Sovkhoz in Poltava Oblast, A.Kh. Yaromenyuk, criticized the speech of the first deputy chairman of the USSR Council of Ministers, V.V. Nikitin, and the first deputy chief of the USSR Gosstat, V.V. Melashchenko. In the speaker's opinion, when they were at the podium they seemed gray and incompetent. In this connection, he made a suggestion: to give specific figures about the material and technical resources the government allots to rural areas. He also suggested bringing up for the consideration of the congress the question of not buying domestic agricultural equipment for the next two years, until it reaches the level of the best world models.

I think, said A.Kh. Yaromenyuk, that we should ask the CPSU Central Committee to turn the newspaper SEL-SKAYA GAZETA and other agricultural publications over to the USSR Peasants' Union. It is incomprehensible why an agricultural newspaper should necessarily be the newspaper of the CPSU Central Committee.

The Peasants' Union being created today, the speaker noted, should not ask but demand. It is necessary to support the proposals of many of the delegates concerning the formation of a strike committee. If the legitimate demands of the agricultural workers are ignored, the peasants will take collective organized actions.

The situation in the country is extremely complicated. The critical shortage of products, sales with coupons, empty shelves, runaway prices on the market, and endless, degrading waiting lines destroy our faith in the future and increase social tension, said the deputy chairman of the Armenian SSR Kolkhoz Council, M.G. Mirtchyan, in his speech. Therefore, the speaker did not share the optimism expressed in Ye.K. Ligachev's speech: that things are really not that bad for us. In fact a real crisis has broken out in the agroindustrial complex. Party and state leaders say a great deal about the priority development of the agrarian sector. But so far there are no changes for the better and the discriminatory policy with respect to the peasant continues.

It seemed that with the adoption of the laws on land, property, and leasing the rural workers would have good prospects of restoring the peasant way of life which had been deliberately destroyed. But here again we were completely disappointed. The laws are not working. Empty appeals to the feelings of the peasants are no

longer appropriate. It is time for everyone to understand that the people no longer believe in empty promises and irresponsible decisions. It is necessary to strengthen the material base of agriculture. Nothing will happen without this. Today we have a clear case of devaluation of words. If this continues, soon there will be nobody in our villages to hear these empty promises because the migratory processes are increasing sharply with each year.

The speaker suggested creating for the protection of the interests and rights of the peasants an organization which could consolidate and head the peasant movement in the country, become the main coordinator of the process of restoration of the rural areas, and be not a beggar but a really equal organ in relation to the government and the central departments.

Without belittling the importance of strengthening the material and technical base of the agroindustrial complex and increasing allocations to this branch, the speaker drew the attention of the delegates to the need for decisive transformations of economic relations in rural areas. The return of the property to man, the restoration of the true, authentic master of the land, and the creation of new forms of management on this basis should comprise the main aspect of the union's activity.

When changing over to a diversity, there is no need to absolutize one or another form, has been seen in many speeches. There is no need to force all the reforms in agriculture into a single mold for all regions and farms. It is absolutely necessary to take into account the local conditions, the traditions of the people, and other factors.

Our republic, noted the speaker, has the least land in the country. There are about 0.4 hectares of agricultural land per resident, including only 1,600 square meters of plowed land. This is one-fifth the average for the country. Taking this peculiarity into account, specialists of the republic think that peasant farms are a more promising form of production organization. Only in this way will the Armenian peasant feel that he is on his own piece of land. At the same time, the owner-operated farm is no competitor for the kolkhozes and sovkhozes. All forms must augment one another and work in close interaction.

There were many delegates left who wished to speak. In order to save time, the chairman turned over the floor, both from the podium and from six microphones installed in the hall. Sometimes the speaker would not give his name, position, oblast or kolkhoz or sovkhoz. But one can say with confidence that each had a burning desire to make his suggestions about how the future Peasants' Union should be, what tasks it should perform, and how it should protect and defend the interests of the workers of the agroindustrial complex.

Participating in the discussions were delegations from Altay and Krasnoyarsk krais, and Voronezh, Kursk, Poltava, Odessa, Gomel, and other oblasts.

After the discussions, the questions of the delegates were answered in detail by the chairman of the RSFSR Agrarian Union V.A. Starodubtsev, the deputy chairman of the USSR Council of Ministers and chairman of the State Commission for Food and Procurements V.V. Nikitin, member of the Politburo of the CPSU Central Committee Ye.K. Ligachev, and the chairman of the Union Kolkhoz Council I.I. Kukhar.

Then the constituent congress of the USSR Peasants' Union unanimously decreed: to form the USSR Peasants' Union. This decision was greeted with turbulent applause from those in attendance.

At the morning meeting on 13 June, the delegates discussed and adopted the Regulations of the USSR Peasants' Union, which will be published.

Then began the nomination of candidates for the post of chairman of the USSR Peasants' Union. Participants in the congress nominated several candidates. Included among them were Ye.K. Ligachev, member of the Politburo of the CPSU Central Committee; Ye.S. Stroyev, secretary of the CPSU Central Committee; G.V. Kulik, chairman of the Russian Gosagroprom; D.K. Motornyy, chairman of the Kolkhoz imeni Kirov in Belozerskiy Rayon in Kherson Oblast; V.I. Shtepo, general director of the Volgograd specialized production association Volgo-Don; M.A. Chartayev, chairman of the Kolkhoz imeni Ordzhonikidze in Akushinskiy Rayon in the Dagestan ASSR; and others.

The delegates gave their attention to the substantiated self-withdrawal of candidates for the post of chairman and their suggestion—to elect as chairman of the Peasants' Union of the country the chairman of the Kolkhoz imeni Lenin in Novomoskovskiy Rayon in Tula Oblast, V.A. Starodubtsev.

Participants in the congress would not accept Starodubtsev's self-withdrawal and practically unanimously elected him chairman of the USSR Peasants' Union.

Pre-Peasant Congress Preparations

Article on Peasant Union Impact

904B0233A Moscow SELSKAYA ZHIZN in Russian
25 Apr 90 p 1

[Article, published under the rubric "On Topics of the Day," by Valeriy Virkunen and Yevgeniy Petrakov: "National Peasant Union"]

[Text] Social reforms during the period of perestroika have been both great in magnitude and highly dynamic. Each passing day brings us news of new societal formations being born. The decision to establish a USSR Peasant Union was an important event of this type. This undertaking was initiated by a group of agrarian worker-people's deputies, including nationally-renowned farm managers I. I. Kukhar, V. A. Starodubtsev, A. P. Aydan, and others.

SELSKAYA ZHIZN published the new organization's draft Bylaws in the 22 April issue of this newspaper and invited participatory discussion of these draft bylaws by all persons wishing to take part. The USSR Peasant Union is a public organization which joins together on a voluntary basis the workforces of kolkhozes, sovkhozes, agrocombines, agrofirms, other agricultural enterprises and organizations which provide services to agriculture and which process farm products. This organization will include peasant farms, leaseholders, citizens running a private individual subsidiary farming operation, members of the rural intelligentsia, and agrarian scientists. The union shall represent, defend and protect the rights and socioeconomic interests of its members before governmental agencies, economic administrative, public, and cooperative organizations. It will foster and promote the free development of diversified forms of ownership, operation and management on the basis of equality under the law, as well as ratification of the peasant as master and proprietor of the land.

Yes, our farms are in need of defense and protection. A cursory perusal of SELSKAYA ZHIZN reader mail is sufficient to grasp the point that in recent years many ministries and government agencies have stepped up the economic offensive on the peasantry. Prices are going up on manufactured goods: vehicles, equipment, building materials, and other material resources. But the cost of farm products remains unchanged. Peasant income is assailed by endless changes in various taxes, insurance fees, charge rates and other means of reducing the profit of the kolkhoz, sovkhoz and peasant farm. Reader N. Chetvergova from the community of Saraktash, Orenburg Oblast, writes as follows: "It is downright painful to see the grain going to loss right in the fields, when the peasants are unable to harvest it because there is no fuel or needed spare parts for their harvesting equipment. And yet at the same time in our cities tons of bread end up in the garbage. The price of bread is laughably low: a loaf of bread costs less than a bottle of mineral water. Is there ever going to be an organization which will come to the defense of the peasant farmer? If perestroika engenders such an organization, I would join it immediately."

As we see, such an organization is being established. Whatever form of operation and management a peasant farmer prefers, he is entitled to take part in the activities of the union which is being established and to defense and protection by the union.

The deputies elected an organizing committee to arrange for holding a Constituent Congress, for the purpose of formally organizing and structuring this Union. Such congresses have already been held in a number of krais and oblasts and in some union republics.

The All-Russian Congress of Agrarian Workers will be held on 26 April. This is the name they have given to their Constituent Congress in the RSFSR. The exact name of the new organization has not yet been determined. In the Moldavian SSR it is called the Union of

Peasants of Moldavia. In Estonia it has another name. But the point is not the name of the organization but what it constitutes.

Republic organizing committee member A. D. Mikhaylov says the following about the manner and procedure of forming the new organization in Russia [RSFSR]: "We utilized for conduct of the requisite organizational measures the structure of the kolkhoz councils, the Association of Peasant Farms and Cooperatives (AKKOR), and various voluntary associations, such as, for example, the Society of Amateur Rabbit Breeders, etc. Meetings (in some localities they were called conferences) were held at the rayon and oblast or kray level. The representation figure is one delegate for 20,000 peasants."

As our newspaper has already reported, the main event will be held in June—the Constituent Congress of the USSR Peasant Union.

V. F. Bashmachnikov, vice president of the Association of Peasant Farms and Cooperatives of Russia (AKKOR), states: "The Peasant Union will include kolkhoz farmers, sovkhoz workers, workers of the processing industry, rural construction, and of organizations providing services to agriculture. AKKOR will also be a collective member of the Union. The Association will not dissolve within the Peasant Union and will not set off its own principles and specific characteristics against the organizational features of kolkhozes and sovkhozes. The tasks and interests of all peasants fully coincide in the main, regardless of where they work—on a kolkhoz, sovkhoz, in a cooperative, or on a peasant farm. It is the agricultural worker's job to feed the country, and he should receive for his difficult labor that which he deserves, not crumbs from the public pie. The structure of the union is not yet entirely clear even to the organizing committee. One thing is without question: there should be no depersonalization, no absence of individual responsibility, and no leveling."

But one cannot assert that the Union of Peasants is a purely rural organization. USSR People's Deputy V. A. Starodubtsev pointed to this feature of the Peasant Union. As he sees it, urban enterprises, organizations and establishments are eligible to join the union, all those who are not indifferent to the calamitous plight of the peasants. It is high time to join together, to form a powerful politicized structure capable of exerting influence on the government as well and of demanding fair treatment.

The people's deputies' plan is understandable. According to statistics, this country's agroindustrial complex, which generates 40 percent of national income, receives only 26 percent of the capital investment directed into the economy. What we are seeing here is redistribution of national wealth in favor of industry. Somebody should finally defend the interests of the peasant. The Peasant Union intends to assume this burden.

Mid-May Organizational Meeting

904B0233B Moscow SELSKAYA ZHIZN in Russian
17 May 90 p 2

[Article by Ye. Petrakov and S. Chudakov: "We Must Have Unity"]

[Text] The organizing committee charged with preparations for the Constituent Congress of the USSR Peasant Union held a press conference in Moscow on 15 May. Organizing committee chairman I. I. Kukhar and committee members A. I. Isalev and G. I. Sharyy answered questions by reporters from the central newspapers and magazines as well as the USSR State Committee For Television and Radio.

Discussing the purpose of and tasks involved in establishing a USSR Peasant Union, I. I. Kukhar stressed the social nature of its purpose. However, he noted thereby that, for example, the Constituent Congress of the Agrarian Union of Russia [RSFSR] passed a resolution pertaining to the sociopolitical nature of that organization. It is possible that the Constituent Congress of the USSR Peasant Union will do likewise.

"As we know," he noted, "in spite of numerous declarations by the government that priority is being given to development of the agroindustrial complex, the actual attitude toward the problems of the village is not changing."

Deliveries to the village of major type categories of machinery and equipment have decreased over the course of the last three or four years. By means of regulations, directives, and circular letters of instruction, finance authorities are siphoning off from 80 to 90 percent of profit from farms and processing enterprises, without the consent of the workforces involved. Workforces are deprived of the capability and opportunity to institute production developmental improvements, to increase output, to build housing and roads, and to improve working and living conditions.

The members of the organizing committee do not see the task of the Constituent Congress and the Peasant Union as elucidation and determination of who is more to blame for the present situation—the peasant or the city dweller. As they see it, the problem can be resolved only with joint efforts on the part of all branches and sectors of the economy.

The established forms of agricultural operation and management have become ossified. A package of laws on leasing, land, and property ownership gives hope for more vigorous development, on the basis of equality under the law, of reformed kolkhozes and sovkhozes, peasant farms and private individual subsidiary farming operations, leasehold, cooperative and joint-stock enterprises, consortiums and associations, agrofirms and agroindustrial associations. All of these, joining together in the USSR Peasant Union as collective or individual members, will be able to consolidate their energies and

resources and more efficiently solve the food problem. The union will take part, through its people's deputies, in drafting legislative enactments and will exert influence to ensure that the adoption of various government decisions takes the interests of the peasants into account.

The Constituent Congress of the USSR Peasant Union will be held in Moscow on 11-13 June 1990. The organizing committee has specified the total number of delegates: 2,168. Delegates will include kolkhoz farmers, sovkhoz workers and office staff, members of peasant farms, leaseholders, and representatives of enterprises and organizations providing services to agriculture and processing agricultural products, as well as members of the rural intelligentsia.

The following reply was given to the question of whether the tasks of the USSR Peasant Union do not duplicate those of the trade union of workers of the agroindustrial complex: "No, the tasks of the new organization are considerably broader. Wherever the concerns of the trade unions and the Peasant Union intersect, we shall work together, hand in hand."

"Is the role of such bodies as the kolkhoz councils not lost in connection with establishment of the new organization?"

"They will essentially be engaged in the same activities, and therefore there arises the need to curtail the kolkhoz councils. But only a congress of representatives of the kolkhoz councils can legitimately decide this matter."

The question of who is to assume the operating expenses of the administrative staff organization of the USSR Peasant Union is of fundamental significance. The union cannot "serve two masters." For this reason the peasants themselves rather than the government will pay its operating expenses. Incidentally, the national Kolkhoz Council, the administrative organization of which will initially perform the functions of Peasant Union administrative staff organization, is also assuming the costs involved in holding the Constituent Congress. The Constituent Congress will have the final say in this matter.

Peasant Union Chairman Starodubtsev Interviewed, Profiled

Interview on Preparations for Constituent Congress

904B0228A Moscow SELSKAYA ZHIZN in Russian
1 Jun 90 p 2

[Interview, published under the heading "Anticipating the Constituent Congress of the USSR Peasant Union," with V. A. Starodubtsev, chairman of the Union of Agrarian Workers of Russia, by SELSKAYA ZHIZN special correspondents V. Virkunen and A. Zholobov: "Vasily Starodubtsev: We Demand Genuine Priority"]

[Text] As reported earlier, the organizing committee making preparations for the constituent congress of the

USSR Peasant Union has decided to hold the congress in Moscow on 11-13 June. A total of 2,168 delegates, representing this country's agrarian workers, are expected to take part in the congress. A great deal of organizational work has preceded the constituent congress. A number of union and autonomous republics have held their own congresses, at which the peasants formed sociopolitical organizations tasked with defending the interests of the peasants and resolutely to secure their inalienable rights and freedoms.

The recently-formed Union of Agrarian Workers of Russia [RSFSR] is rightly viewed as one of the principal detachments of our country's peasantry. The editors of SELSKAYA ZHIZN receive a great many letters, the authors of which ask for more detailed information about the new organization. V. A. Starodubtsev, chairman of the Union of Agrarian Workers of Russia, replies to questions asked by the editors of SELSKAYA ZHIZN.

[SELSKAYA ZHIZN] Vasily Aleksandrovich, we receive a great many questions from our readers. Few people understand the goals and tasks of the new peasant organization. The Union of Agrarian Workers is even called a Union of Peasant Bosses, where there is no place for the independent farmer, leaseholder, or cooperative member.

[Starodubtsev] It is highly advantageous for certain persons to set the kolkhozes and sovkhozes against the cooperatives and independent farmers. This is an organized campaign. A means of diverting public opinion away from the main problems—distribution of the profit earned by the peasant, equal-value exchange between city and village, and logistic support for the state procurement order. The assertion that Starodubtsev and his union are against the independent farmers is an outright lie. Leaseholders, members of agricultural cooperatives, and proprietors of peasant farms took part in the proceedings of the agrarian workers' constituent congress. We are not setting ourselves apart but on the contrary are consolidating with them and intend to make every effort to help them get established. But how can one help if a farm receives on the average a single tractor a year, and sometimes even less?

Look what is happening. As long as a battle is going on between the advocates and opponents of the kolkhoz system, the state is literally robbing the peasant, leaving practically nothing for the village. I am not going to make empty statements. Any farm manager will tell you that essentially nothing is left from earned profit. From 80 to 90 percent of income is taken away from the agroindustrial complex by means of instructions, directives, and regulations.

How is it possible with the pitiful amount left behind to develop in a normal manner, to build housing and roads, and to improve living standards for kolkhoz farmers and sovkhoz workers? And it is against this background that

we have all this cynical and unpersuasive discourse about the advantages of the independent-farmer agricultural operation.

You tell me. What farmer could last if four fifths of his profit was confiscated and no equipment was made available for him to purchase? He would go bankrupt immediately, abandon everything and leave the land. I once asked an American farmer about his farm operation. He has 800 hectares of land. By their measure that is smaller than the average-size farm. Together with taxes on the land, he pays a total of 20-25 percent of his net income! Think about it. Consider the conditions under which the American farmer is working as compared with those facing our country's food producer.

And yet the kolkhozes and sovkhozes are continuing to exist, even in these extremely harsh conditions of financial terror tactics and a constant lack of resources. Is that not an indicator of their viability?

The system of rule by administrative fiat has created a monstrous machine designed to squeeze the last drop of blood out of the village. In order to obtain foodstuffs from the peasant farmer, this robbing of the peasant must be stopped immediately, right now. Our Union will resist and oppose the existing confiscatory system with every means at its command.

[SELSKAYA ZHIZN] How?

[Starodubtsev] The first thing we are demanding of the government is genuine, not illusory declarative priority in allocating material resources to the agroindustrial complex. Why is it that, in compelling us to fulfill the state procurement order by 100 percent, government agencies provide less than half the required support of production with resources?

Incidentally, in his address to the delegates to the Constituent Congress of Agrarian Workers of Russia, N. I. Ryzhkov said nothing specific about what the government intends to do to ensure priority development to the agroindustrial complex. Although it is a known fact that over the period of the last 3-4 years supply to the village of practically all material resources has decreased by 12 to 50 percent. I, as a people's deputy, have information from the USSR Supreme Soviet Committee on Agrarian Issues and Food, figures which, incidentally, I trust more than those of Goskomstat. Under these conditions how can one expect to increase food production?

A second item is prices. A comparison between procurement prices on agricultural products and on goods in the production and technical category as well as the dynamics of these prices are so disgraceful that Goskomstat is even embarrassed to make these figures public. Via prices a considerable portion of national income generated in the agroindustrial complex is redistributed to the benefit of other branches and sectors of the economy.

It has been reported in the press that the agroindustrial complex, which produces 40 percent of national income, receives only 26 percent of capital investment in the economy. What is the point of talking about priority status when the village is becoming poorer year by year?

Thirdly, we are demanding that the disgraceful system of financial fleecing of the agroindustrial complex be scrapped. It is a well-known fact that as a result of pumping essentially all profit out of the processing branches, the state has deprived them of the capability of growth and development and to accomplish capital renewal. It is for this reason that today we are distributing sugar on the basis of ration coupons. Tomorrow bread will also be rationed, since the worn-out, hopelessly obsolete equipment could break down at any moment.

The Ministry of Finance nevertheless has no intention of lessening its pillaging ardor. Minister of Finance V. S. Pavlov is precisely carrying out instructions received from higher authority: to increase at all costs the income side of the budget, but at the same time he is making no attempt to reduce budget expenditures. One's coat should be cut according to the cloth, as they say, meaning that less should be spent on immense, useless projects such as Atomash or the Baikal-Amur Mainline and on overly ambitious, inflated military and space programs. More thought should be given to the bread we eat.

[SELSKAYA ZHIZN] But what new elements will the Union of Agrarian Workers of Russia have to offer in comparison with the Russian Kolkhoz Council or with RSFSR Gosagroprom?

[Starodubtsev] The Union is a sociopolitical organization. It joins together kolkhozes, sovkhozes, processing, rural construction and service organizations, cooperatives, peasant farms, as well as scientific and scientific research establishments. Everyone who is not indifferent to the calamitous plight of the peasant and who is willing to devote active, dedicated efforts to help the village can join the union, either collectively or individually.

I shall state right out that Gosagroprom will be part of the RSFSR Union of Agrarian Workers, but by no means the other way around. We intend to utilize a modified structure of RSFSR Gosagroprom and its administrative organization as a working body representing the interests of the Union at the republic government level. No firm or agency can exist without an administrative staff organization.

An administrative apparatus is necessary. Don't listen to those half-baked democrats who claim that the kolkhoz and the administrative mechanism are to blame for the entire food problem. The entire matter rests in how the administrative apparatus functions and whose interests it is defending. Neither Gosagroprom nor the rayon agroindustrial associations are the primary cause of the peasant's woes. The guilty party is the one who confiscates up to 80 percent of income from the farms and

from processing, the one who takes the taxes and insurance fees, the one who provides no resources but pays wages in money for which there is nothing to buy. We shall put an end to this brigandage.

The Union of Agrarian Workers of Russia intends to enter into contracts with the government, on behalf of the entire peasantry, for the production and delivery of foodstuffs. These contracts are to be balanced as regards return flow of material and technical resources and are to be mutually acceptable as regards prices. We shall demonstrate that we can be just as united as the miners.

But there will be many new elements in the Union's activities. With establishment of the Union of Agrarian Workers, for example, there is no longer a need for a republic Kolkhoz Council, which evidently will be dissolved. We are also dumping the state insurance system and establishing our own insurance company. This is happening because the village, while paying enormous amounts of money to Gosstrakh, receives nothing back even in cases of natural disasters. An example of this is the drought in the Bashkir ASSR. The republic's kolkhozes and sovkhozes failed to receive full compensation and were forced to obtain additional credit.

We also want to establish our own bank and take into our own hands all credit-monetary policy within the RSFSR agroindustrial complex. We are planning to assume part of the functions of the Foreign Trade Bank, so that nobody will dare stick their hand into the peasant's pocket, for we are too well acquainted with the situation where, having sold a crop to the state for hard currency, farms are unable immediately and without delay to purchase something for these dollars and marks. There is a possibility that RSFSR Agroprombank could become the basis for our independent bank.

[SELSKAYA ZHIZN] There is the persistent assertion that Starodubtsev is an apologist for the kolkhoz-sovkhoz system. And that right now he is attempting to torpedo the adopted laws on land and property ownership at the republic level, that he is attempting to choke off the emerging independent farmer.

[Starodubtsev] Everybody is free to say what he thinks. But the question is, how correctly does he assess the situation? I welcome the new laws and fully support them. This is clearly stated in our union's Bylaws. As you know, the Association of Peasant Farms and Cooperatives of Russia (AKKOR) joined the Union of Agrarian Workers as an independent collective member. There is nothing for us to divide up.

I should add that we have peasant farms in our agroindustrial association. We help them. This assistance will be steadily growing. Another thing altogether is the fact that one person succeeds as an independent farmer, while another overestimates his capabilities. I am convinced that all forms of farm operation and management are needed. There is plenty of land and work for all.

But you must agree that any peasant, wherever he may work—on a kolkhoz, sovkhoz, or on a peasant farm—needs freedom and resources. And the Union of Agrarian Workers intends to gain such freedom and resources by all possible means, including collective actions. We cannot survive without unity of all forms, without a peasant sociopolitical union.

[SELSKAYA ZHIZN] A sociopolitical organization is practically a party...

[Starodubtsev] Yes, that is true. Many of my colleagues—USSR People's Deputies, members of the Supreme Soviet, farm managers, and independent farmers—do not believe that the Union of Agrarian Workers can get an attitude of respect toward the peasantry, and they are already today calling for establishment of a peasant party. I have a different opinion on this score. I feel that the CPSU must take a new look at rural needs and give political priority to the village. Only then will the party be able to gain the full trust of the peasants.

But if one judges from the published draft CPSU Platform for the 28th CPSU Congress, which only devotes a few lines to the peasant issue, it becomes obvious that there has been no change toward awareness of the processes which are taking place in the village. Nevertheless we are placing hopes in a renewed and refurbished CPSU. For this reason we are establishing a Union of Agrarian Workers at this stage. But if these measures do not help the peasant achieve social justice, the union may become a peasant party.

[SELSKAYA ZHIZN] Thank you for the interview.

Biographical Sketch of New Chairman

904B0228B Moscow SELSKAYA ZHIZN in Russian
15 Jun 90 p 1

[Article: "Vasily Starodubtsev—Chairman of the USSR Peasant Union"]

[Text] Biographical Sketch

Vasily Aleksandrovich Starodubtsev was born in 1931. He is an ethnic Russian and a member of the CPSU, USSR People's Deputy. Graduated from the All-Union Correspondence Agricultural Institute. Candidate of Agricultural Sciences, Corresponding Member of the All-Union Academy of Agricultural Sciences imeni Lenin.

He began his career as a miner. In 1963 the members of the Kolkhoz imeni Lenin in Novomoskovskiy Rayon, Tula Oblast, elected him kolkhoz chairman. Since that time he has been reelected at every report and election meeting. Today the farm managed by Starodubtsev has been transformed into a pedigree stock kolkhoz and lead enterprise of the Novomoskovskaya Agroindustrial Association. In April 1990 V. A. Starodubtsev was elected chairman of the Union of Agrarian Workers of the Russian Federation at the Union's constituent congress.

The Constituent Congress has elected Vasily Aleksandrovich Starodubtsev chairman of the USSR Peasant Union. He addressed the assembled delegates following the election:

"Esteemed Comrades, I would like to express to you my gratitude for the unanimous vote. I accept this great trust as a mandate to expend enormous labor on a daily basis. I am well aware of the responsibility you have placed on my shoulders. And it is only together with you that we shall be able to resolve the difficult food problem facing our country. The tasks facing us are so substantial and so difficult that they cannot be accomplished without a joint effort.

"I should like to say a few words about my position regarding the peasantry, kolkhozes, sovkhoses, independent farmers, leaseholders, etc. I have never concealed the fact and do not do so now that I have great respect for collective forms of conduct of agricultural production: kolkhozes and sovkhoses. I am profoundly convinced that they are just beginning to awaken from a state of lethargy, that a great future lies before them. I also have a positive attitude toward and respect for all other forms.

"It is very important that the new forms of operation and management receive substantial support from the state. The fact is that the kolkhozes and sovkhoses themselves are operating in very difficult, very complex conditions. If the new forms are not given money and material resources right now, if a mechanism of land transfer is not found, then it is most likely that the independent farmer and the peasant farm will simply not take hold. Under no circumstances must we deceive these enthusiasts and trusting individuals at the very beginning of their difficult journey. We must not turn this important movement into a mere short-lived campaign, as has frequently been the case in the past. In my opinion we must address this issue in a serious manner. This problem must be solved in a democratic fashion. I shall turn for advice to my colleagues, farm managers and specialists, and I shall take counsel with people. But let me repeat once again that the main thing in this undertaking is all-out, meaningful financial and material assistance to the independent farmers and peasant farms.

"I would like us always to maintain close, effective contact with one another, so that we can work in close cooperation. We must become a consolidating force. We are against strikes and instability. But we have no intention of relinquishing the interests of the peasantry. We are for stability, mutual understanding, and for all-out support of Communist Party policy. To introduce in our country an order worthy of our people. Thank you."

New Roles of Peasants

904B0228C Moscow SELSKAYA ZHIZN in Russian
15 Jun 90 p 2

[Interview with Vasily Aleksandrovich Starodubtsev, chairman of the USSR Peasant Union, by SELSKAYA ZHIZN special correspondent S. Chudakov: "For the Sake of a Worthy Life"]

[Text] Immediately following the election of Vasily Aleksandrovich Starodubtsev as chairman of the USSR Peasant Union, he gave an interview to our special correspondent S. Chudakov.

[SELSKAYA ZHIZN] Vasily Aleksandrovich, SELSKAYA ZHIZN congratulates you on your election to this high office. We are confident that you will do everything in your power for the sake of a life worthy of the peasant, as you promised the congress delegates. Do you think that this election will help in your efforts on behalf of the peasantry, efforts which you have been conducting as a USSR People's Deputy?

[Starodubtsev] Of course a fairly substantial group of agrarian supporters has formed in the USSR Supreme Soviet—more than 400 persons. This group keenly addresses issues pertaining to peasant affairs. Unfortunately, however, we have succeeded in accomplishing little up to the present time. Although we have received strong support by all USSR People's Deputies, who realize that the food problem lies at the center of perestroika and that it is evidently no easy matter to smash all the canons which have formed over the course of decades. Yes, the peasant has always been put last. All matters affecting the peasant have been addressed according to the residual principle. And for this reason the government is continuing this policy today, during the period of perestroika, as if rolling along a nice, smooth-packed road.

[SELSKAYA ZHIZN] But does this mean that the package of demands on the government which was distributed at the congress constitutes a peasant ultimatum?

[Starodubtsev] No, I am no advocate of ultimatums. I am for consolidation, for mutual understanding with the government and with all organizations which have dealings with agriculture. The package of demands was dictated by practical realities, by the peasantry's desire adequately to feed the country in the near-term future and without any confrontation.

[SELSKAYA ZHIZN] What does the peasant need first and foremost?

[Starodubtsev] The peasant needs complete freedom in disposing of the land and of the products he produces. The peasant needs material resources. He must obtain capital investment in order to resolve the highly complex

problems of the social domain and production, engendered by his status in this country, in which he has no rights. Without this it is simply impossible to move forward.

[SELSKAYA ZHIZN] Does this mean that there is a core element to your demands?

[Starodubtsev] Yes. To direct capital investment into the village, to resolve all social problems, and to create conditions for a life worthy of the peasant.

[SELSKAYA ZHIZN] What if these demands are rejected?

[Starodubtsev] Well, I believe that 40 million peasants, with the aid of their union, will be able to stand up for themselves, to defend themselves. That is the reason why this union was created.

[SELSKAYA ZHIZN] That is, you are convinced that something will change in their lives?

[Starodubtsev] If I had any doubt about this, I would not have agreed to election to this high position. We are also counting on help from the press. It is essential that the press understand the aspirations of the peasants.

[SELSKAYA ZHIZN] Vasilii Aleksandrovich, the claim has been made in the mass media that the above-mentioned group of deputies in the USSR Supreme Soviet is in fact more defending the interests of the kolkhozes and sovkhoses. The claim is that they are ignoring the leaseholder and the independent farmer.

[Starodubtsev] These are contrived issues. And I have already stated in my speech that there are no conflicts whatsoever between leaseholders, peasants, independent farmers, and kolkhozes, for all of us are performing the same tasks. Of course there are certain issues involved here. Kolkhozes and sovkhoses, just as leaseholders, do not possess adequate material resources. But as I see it, everybody who works on the land should be working under equal conditions—it does not matter whether we are talking about a kolkhoz or an individual peasant farmer.

[SELSKAYA ZHIZN] Just one month ago you were elected chairman of the RSFSR Union of Agrarian Workers. Are you now going to relinquish that position?

[Starodubtsev] Of course. One cannot embrace the unencompassable.

[SELSKAYA ZHIZN] How do you personally intend to combine the jobs of kolkhoz chairman and chairman of the national Peasant Union?

[Starodubtsev] What can I tell you? He who heads the Peasant Union should stand firmly on the land. In America, for example, cabinet secretaries are farmers at the same time. For this reason they possess a profound

understanding of the needs and aspirations of the people who work the land. They are able to defend the interests of the farmers.

[SELSKAYA ZHIZN] It is said that you do affront to your own independent farmers and leaseholders.

[Starodubtsev] That is as ridiculous as the claim that agrarian worker deputies to the USSR Supreme Soviet do not concern themselves with the needs of the leaseholders. I am ready and willing to hold an extensive interview on this question in the presence of our leaseholders and peasants. Perhaps more has been done for them on our farm than in many other localities. We have given our peasants credit in the amount of 250-300 thousand rubles. And these are kolkhoz rubles! We have given them enormous material resources. But of course there are problems, matters which simply cannot be adequately addressed in a brief interview.

[SELSKAYA ZHIZN] Does this mean that you will continue your policy of support for this country's independent farmers?

[Starodubtsev] You heard me state this from the congress podium, and I am not suddenly going to change my position regarding the independent farmer. If you want, I shall state once again that all forms should flourish in unity and concord, in performance of a common task.

[SELSKAYA ZHIZN] What kind of relations are you going to establish with the party officials in charge of agriculture, and with Yegor Kuzmich Ligachev in particular?

[Starodubtsev] We are Communists, and we shall support all the ideas of our party and the CPSU Central Committee. All those mistakes which the party has made in the past in regard to the peasantry were condemned by the party itself as it commenced perestroika. We shall work together correcting these mistakes.

[SELSKAYA ZHIZN] And what kind of relations would you have with the government? After all, at this congress the suggestion was voiced that a national Ministry of Agriculture be established and that the chairman of the Peasant Union be made minister of agriculture.

[Starodubtsev] I believe some of the delegates just got a little hot under the collar. We must clearly understand the difference between the Peasant Union as a representative of the peasantry and the government as a customer placing orders for agricultural products. The point is to get the ministries and agencies out from under the control of the state. The state should have other functions; it handles different problems. Therefore whether or not the ministries will continue to exist is a question to be addressed.

[SELSKAYA ZHIZN] Can one consider your program to be an alternative to the state program?

[Starodubtsev] I wouldn't put it that way. The reason that the question of establishing a ministry came up

today is not because somebody wants to have this agency but because the delegates see that at the present time the peasant has no professional defense or protection, nobody to defend his interests.

[SELSKAYA ZHIZN] What is your position regarding the proposal to organize a peasant party?

[Starodubtsev] I feel that in the present complex situation and heated atmosphere it is premature to consider such a move. This would merely introduce an imbalance into a state which is already unsettled and could lead to unpleasant consequences.

USSR Peasant Union Bylaws Published

Pre-Congress Draft Version

904B0232A Moscow SELSKAYA ZHIZN in Russian
22 Apr 90 p 2

[Text of draft bylaws: "Draft Bylaws of the USSR Peasant Union"]

[Text]

I. General Provisions

The USSR Peasant Union, hereinafter referred to as the Union, is a public organization which joins together on a voluntary basis the workforces of kolkhozes, sovkhoses, and other agricultural enterprises and organizations which provide services to agriculture and process agricultural products, as well as peasant farms, leaseholders, citizens engaged in a private individual subsidiary farming operation, members of the rural intelligentsia, and agrarian scientists.

1. The Union shall represent, defend and protect the rights and socioeconomic interests of the members of the Union before government agencies, economic, public, and cooperative organizations, shall promote and foster the free development, on the basis of equality under the law, of diversified forms of property ownership, operation and management, and ratification of the peasant as master and proprietor of the land.

Establishment of a mass societal movement advocating radical socioeconomic reforms in agriculture and securing a priority status for agriculture, social reorganization of the village and spiritual rebirth of the peasantry, as well as improvement in living and working conditions for the workers of the agroindustrial complex constitute the Union's most important goal.

The Union shall seek to implement measures to strengthen the material and technological foundation of agriculture and processing enterprises, to increase the volume and improve the structure of capital investment, to establish economically-substantiated prices and standards on the products of agriculture and industry, to improve the tax and finance-credit system, and shall promote and foster transition by the agroindustrial complex to a regulated market economy.

The Union shall assist in every possible way in opening up the vast potential which exists in agriculture, which will help improve food supply to the people of this country.

2. In order to achieve its goals the Union:

- shall foster and promote the creation of equal economic, social, and legal conditions for the development of various forms of land ownership, farm operation and management, revival and restoration of abandoned villages, and the agricultural development of unutilized or inefficiently utilized land for the purpose of establishment of peasant farms and agricultural cooperatives;

- shall foster and promote the establishment of mutually advantageous economic relations between kolkhozes and sovkhoses on the one hand and peasant farms, citizens engaged in subsidiary farming operations, leaseholders, and cooperatives on the other, in the area of providing production technical services, in seed growing, in providing commercial livestock, in selling their products, and in providing the services of specialist personnel;

- shall defend the interests and rights of the Union's members, shall provide them economic and legal assistance, shall protect them against unlawful interference in their activities, shall direct justified demands to government authorities and economic administrative agencies to cease unlawful actions and rescind unlawful decisions which do economic detriment to members of the Union and which infringe upon their interests;

- shall represent the interests of Union members before government agencies, economic, public and cooperative organizations, and shall oppose monopolistic practices on the part of government agencies;

- shall develop democratic principles of management, shall ensure observance and protection of the economic autonomy of the Union's members. It shall carry out this work in close interaction with government agencies and public organizations, other unions and voluntary societies;

- shall be empowered to establish its own cost-accountable banks, financial transaction centers, and insurance establishments;

- shall establish contacts in the area of agriculture with appropriate international and national organizations of foreign countries and shall foster the development of external economic cooperation;

- shall take active part in improving the environment and in preventing environmental pollution.

3. In conformity with the USSR Constitution, the congress of the Union and its Central Council shall hold the right of legislative initiative and, following due procedure, shall nominate and elect USSR people's deputies.

The Union, through its representatives elected to Soviets of People's Deputies as well as in other forms, shall take part in formulating policy of the Soviet State and in the conduct of governmental and societal affairs.

In its activities the Union shall be guided by the USSR Constitution, the constitutions of the union and autonomous republics, the laws of the USSR, the union and autonomous republics, and by these Bylaws.

Primary organizations, which are established within workforces, as well as territorial organizations shall form the organizational basis of the Union.

Primary organizations may, on a voluntary basis, join into rayon, okrug, oblast, kray, republic, and branch peasant unions.

II. Rights and Obligations of Members of the USSR Peasant Union

4. Membership in the Union may be collective and individual. Workforces of kolkhozes, sovkhozes, other agricultural enterprises and organizations, enterprises and organizations providing services to agriculture and processing agricultural products shall constitute collective members of the Union. Citizens of the USSR conducting a peasant farm operation, running a private individual subsidiary farming operation, leaseholders, members of the rural intelligentsia, and agrarian scientists may become individual members.

Public organizations joining the Union shall retain their independence and shall be guided by their own bylaws and statutes as well as by these Bylaws.

5. Members of the Union shall have the right:

- to take part in managing the Union's affairs, in discussion and adoption of decisions and resolutions, to elect and be elected to directive and other union bodies, and to submit proposals pertaining to improving the Union's activities and correcting deficiencies in its work;
- to turn to Union bodies for defense and protection of one's legitimate rights and interests;
- to organize collective actions in the defense of interests;
- to utilize the services of enterprises, organizations, and associations in the Union;
- in exceptional instances, to obtain financial support from the Union, following established procedures;
- to demand, following established procedures, the convocation of special meetings, conferences, and Union congresses;
- of voluntary resignation from the Union.

6. Members of the Union shall:

- observe the Union's Bylaws;

- pay membership dues.

Measures of social influence may be applied to Union members for failure to observe the Bylaws. Expulsion from Union membership may be applied as an extreme measure.

III. Directive Bodies of the USSR Peasant Union

7. A congress, convoked once every five years, shall constitute the Union's supreme body.

A special congress shall be held at the demand of not less than one third of the members of the Union or not less than two thirds of the members of the Union's Central Council or Audit Commission.

The congress:

- shall examine major matters of future and current significance pertaining to socioeconomic development of the village and increasing production effectiveness and efficiency;
- shall ratify the Union Bylaws, an Audit Commission Statute, and other enforceable enactments, and shall make amendments and addenda to these documents;
- shall elect by secret ballot a chairman of the Union, a Union Central Council, and a Union Audit Commission;
- shall approve reports on the activities of the Central Council and Audit Commission;
- shall adopt decisions on reorganization of the Union and on termination of the Union's activities.

8. The Union Central Council:

- shall submit to legislative bodies and to the government proposals on matters pertaining to the Union's activities;
- shall take part in drafting legislative enactments and shall present its conclusions on draft decisions of USSR agencies of governmental authority and administration on matters pertaining to pricing, finance, credit, taxation, rural social development, and other matters affecting the interests of kolkhozes, sovkhozes, peasant farms, and other union members;
- shall submit proposals to suspend actions, rescind or amend decisions by governmental and other agencies which do detriment to Union members or which limit or restrict their independence;
- shall establish enterprises, associations, and organizations to serve union members on a contractual basis;
- shall engage in publishing activities, shall have its own print media (a daily newspaper and other periodicals), and shall regularly inform its members and the public on the Union's activities;

- shall approve an annual budget, specific-purpose programs, and major undertakings of the Union, as well as the size of a Central Council administrative staff and staff operating expenditures;
- shall elect Union deputy chairmen and shall ratify the appointment of an executive secretary and editors in chief of periodicals;
- shall establish committees to deal with various aspects of the Union's activities.

The Central Council shall meet at least twice a year.

9. The Presidium of the Central Council:

- shall execute the decisions and recommendations of the Central Council, shall prepare agenda and materials for Council sessions, and shall present conclusions on draft legislative enactments affecting the interests of Union members;
- shall organize the study, synthesis, and dissemination of practical experience in utilization of the latest scientific and technological advances and application of advanced know-how on peasant farms, leasehold operations, kolkhozes, sovkhozes, and at other enterprises which are members of the union;
- shall direct the activities of the Central Council's administrative staff organization and shall ratify the appointment of its key administrative personnel and periodical editorial staffs;
- shall organize and oversee the activities of enterprises and organizations established under the Union Central Council;
- shall dispose of funds and resources in conformity with the ratified budget of the Union Central Council.

Meetings of the Council Presidium shall be called by the Chairman of the Union as necessary, but no less frequently than four times a year.

10. The chairman of the Union:

- shall exercise general leadership of the Union and shall represent the Union in relations with government authorities and administrative agencies, this country's public organizations and in international relations, shall sign documents and perform other duties proceeding from the Bylaws.

11. The Union's Audit Commission:

- shall monitor observance of the Union's Bylaws and decisions of the congress and Central Council plenums;
- shall verify correctness of execution of the budget of the Union Central Council as well as the operations and financial activities of enterprises, associations and organizations operating under the Central Council.

The Audit Commission shall be guided in its activities by these Bylaws and by the Statute on the Audit Commission.

IV. Assets and Finances of the USSR Peasant Union

12. The Union shall possess assets and funds, including hard currency, required for accomplishment of the goals and tasks specified by the Bylaws.

Initial membership fees and membership dues paid by Union members in the amount of three rubles per person per year, the bulk of which shall remain at the disposal of the local unions, deductions from the profit of enterprises, associations and organizations operating under the auspices of the Union, income from publishing activities, other deductions and income received by the Union in the prescribed manner shall constitute the source of establishment of assets and of finances. The Union shall accept voluntary contributions by individual citizens, enterprises and organizations for the purpose of establishing charity funds and for other charitable or philanthropic purposes.

Expenditures for arranging for and holding Union congresses, Central Council plenums, meetings of the Council Presidium, for operation of the committees, for maintaining the administrative staff, as well as expenditures connected with international cooperation and other activities shall be determined by the Union Central Council.

The Union shall not be responsible for the financial obligations of its members, nor shall the members be responsible for the financial obligations of the Union.

The Union shall constitute a legal entity and shall maintain an independent balance sheet, bank accounts, a seal and stamp bearing its name, as well as other requisite items.

Finalized Bylaws

904B0232B Moscow SELSKAYA ZHIZN in Russian
15 Jun 90 p 2

[Text of bylaws: "Bylaws of the USSR Peasant Union"]

[Text]

I. General Provisions

1. The USSR Peasant Union, hereinafter referred to as the Union, is an autonomous sociopolitical organization, formed as a result of declaration of the free will of the workforces of kolkhozes, sovkhozes, and other agricultural enterprises and organizations which provide services to agriculture and process agricultural products, as well as educational institutions and scientific establishments, agricultural cooperatives, peasant farms, leaseholders, citizens engaged in a private individual subsidiary farming operation, members of the rural intelligentsia, agrarian scientists, councils, unions, associations, and other organizations.

2. The Union shall represent, defend and protect the political, socioeconomic, collective, and individual rights and interests of the members of the Union before government agencies, economic, public, and cooperative organizations, shall promote and foster the free development, on the basis of equality under the law, of diversified forms of farm property ownership, of farm operation and management, and ratification of the peasant as master and proprietor of the land and what it produces.

Establishment of a mass sociopolitical movement advocating radical socioeconomic reforms in agriculture and securing a priority status for agriculture, social reorganization of the village and spiritual rebirth of the peasantry, as well as improvement in living and working conditions for the workers of the agroindustrial complex constitute the Union's most important goal.

The Union shall implement measures to strengthen the material and technological foundation of agriculture and processing enterprises, to improve the structure of capital investment, to establish economically-substantiated prices and standards on the products of agriculture and industry, to improve the tax and finance-credit system, shall promote and foster transition by the agroindustrial complex to a regulated market economy, as well as to accomplish efficient utilization of the potential within the agroindustrial complex, which will help improve food supply to the people of this country.

3. In order to achieve its goals the Union:

- shall foster and promote the creation of equal economic, social, and legal conditions for the development of various forms of land ownership, farm operation and management, the agricultural development of unutilized or inefficiently utilized land for the purpose of establishment of peasant farms and agricultural cooperatives, further development, wherever rational and reasonable, of private individual subsidiary farming operations into peasant farms, and shall foster and promote the revival of villages and restoration of abandoned land;
- shall foster and promote the establishment of mutually advantageous economic relations between kolkhozes and sovkhozes on the one hand and peasant farms, citizens engaged in subsidiary farming operations, leaseholders, and cooperatives on the other, in the area of providing production technical services, in seed growing, in providing commercial and pedigree livestock, in selling their products, and in providing the services of specialist personnel;
- shall defend the interests and rights of the Union's members, shall provide them organizational, economic and legal assistance, shall protect them against unlawful interference in their activities, shall direct justified demands to government authorities and economic administrative agencies to rescind unlawful decisions and suspend unlawful actions which do economic detriment to members of the Union and which infringe upon their interests;

- shall represent the interests of Union members before government authorities and administrative agencies, economic, public and cooperative organizations, and shall oppose monopolistic practices on the part of government agencies;

- shall develop democratic principles of management, shall ensure observance of autonomy of economic management and shall defend rights of ownership of the goods produced;

- shall organize collective actions in defense of the interests of Union members;

- shall establish its own administrative and management agencies, commercial banks, financial transaction centers, insurance establishments, interfarm, joint-stock enterprises and organizations, providing services, processing and marketing agricultural products, as well as medical, health and fitness establishments;

- shall establish contacts in the area of agriculture with appropriate international and national organizations of foreign countries and shall foster the development of external economic cooperation on the basis of equality of rights, and shall take active part in improving the environment and in preventing environmental pollution.

In carrying out its functions the Union shall work in close interaction with government agencies and public organizations, other unions and voluntary societies.

4. In conformity with the USSR Constitution, the congress of the Union and its Central Council shall hold the right of legislative initiative, shall take part in forming agencies of governmental authority and administration and, following due procedure, shall nominate and elect USSR people's deputies.

The Union, through its representatives elected to Soviets of People's Deputies as well as in other forms, shall take part in formulating policy of the Soviet State and in the conduct of governmental and societal affairs.

In its activities the Union shall be guided by the USSR Constitution, the constitutions of the union and autonomous republics, the laws of the USSR, the union and autonomous republics, and by these Bylaws.

Primary organizations, which are established within workforces, as well as territorial organizations shall form the organizational basis of the Union.

Primary organizations may, on a voluntary basis, join into rayon, okrug, oblast, kray, and republic peasant unions.

II. Rights and Obligations of Members of the USSR Peasant Union

5. Membership in the Union may be collective and individual. Workforces of kolkhozes, sovkhozes, other agricultural enterprises and organizations, enterprises

and organizations providing services to agriculture and processing agricultural products, scientific establishments and agricultural schools, as well as councils, unions, associations and other organizations uniting both enterprises and organizations as well as citizens, shall constitute collective members. Citizens of the USSR conducting a peasant farm operation, running a private individual subsidiary farming operation, leaseholders, members of the rural intelligentsia, and agrarian scientists may become individual members.

Public organizations joining the Union shall retain their independence and shall be guided by their own bylaws and statutes as well as by these Bylaws.

6. Members of the Union shall have the right:

- to take part in managing the Union's affairs, in discussion and adoption of decisions and resolutions, to elect and be elected to directive and other union bodies, and to submit proposals pertaining to improving the Union's activities and correcting deficiencies in its work;
- to turn to Union bodies for defense and protection of one's legitimate rights and interests;
- to utilize the services of enterprises, organizations, and associations in the Union;
- in exceptional instances, to obtain financial support from the Union;
- to demand, following established procedures, the convocation of special meetings, conferences, and Union congresses;
- of voluntary resignation from the Union.

Members of the Union shall:

- observe the Union's Bylaws;
- pay membership dues.

Measures of social influence may be applied to Union members for failure to observe the Bylaws. Expulsion from Union membership may be applied as an extreme measure.

III. Directive Bodies of the USSR Peasant Union

7. A congress, convoked once every five years, shall constitute the Union's supreme body. During periods between congresses, conferences shall constitute the union's supreme body. Congresses shall be held annually during the first five years.

A special congress shall be held at the demand of not less than one third of the members of the Union or not less than two thirds of the members of the Union's Central Council and Audit Commission.

The congress:

- shall examine important matters of future significance pertaining to socioeconomic development of the village and increasing production effectiveness and efficiency;
- shall ratify the Union Bylaws, an Audit Commission Statute, and other enforceable enactments, and shall make amendments and addenda to these documents;
- the Union's Bylaws, as well as amendments and addenda to the Bylaws, shall be recorded according to established procedure;
- shall elect, with a choice of multiple candidates, a chairman of the Union, a Union Central Council, and a Union Audit Commission, with voting to be by a show of hands;
- shall approve reports on the activities of the Central Council and Audit Commission;
- shall adopt decisions on reorganization (merging, accession, separation) or dissolving of the Union.

8. The conference shall be empowered in the period between Union congresses:

- to consider current issues pertaining to socioeconomic development of the agroindustrial complex, as well as matters pertaining to observance of the provisions of the Bylaws, programs and congress decisions by directive bodies of the Union.

9. The Union Central Council:

- shall establish the council's working bodies and administrative staff organization;
- shall submit to legislative bodies and to the government proposals on matters pertaining to the Union's activities;
- shall take part in drafting legislative enactments and shall present its conclusions on draft decisions of USSR agencies of governmental authority and administration on matters pertaining to pricing, finance, credit, taxation, rural social development, and other matters affecting the interests of kolkhozes, sovkhoses, peasant farms, and other Union members;
- shall submit proposals to suspend actions, rescind or amend decisions by governmental and other agencies which do detriment to Union members or which limit or restrict their independence;
- shall establish enterprises, associations, and organizations to serve Union members on a contractual basis;
- shall engage in publishing activities, shall have its own print media (a daily newspaper and other periodicals), and shall regularly inform its members and the public on the Union's activities;
- shall approve an annual budget, specific-purpose programs, and major undertakings of the Union, as well

as the size of a Central Council administrative staff and staff operating expenditures;

- shall elect Union deputy chairmen and shall ratify the appointment of an executive secretary and editors in chief of periodicals;
- shall establish committees to deal with various aspects of the Union's activities.

The Central Council shall meet at least twice a year.

10. The Presidium of the Central Council:

- shall execute the decisions and recommendations of the Central Council, shall prepare agenda and materials for Council sessions, and shall present conclusions on draft legislative enactments affecting the interests of Union members;
- shall organize the study, synthesis, and dissemination of practical experience in utilization of the latest scientific and technological advances and application of advanced know-how on peasant farms, leasehold operations, kolkhozes, sovkhozes, and at other enterprises which are members of the Union;
- shall direct the activities of the Central Council's administrative staff organization and shall ratify the appointment of its key administrative personnel and periodical editorial staffs;
- shall organize and oversee the activities of enterprises and organizations established under the Union Central Council;
- shall dispose of funds and resources in conformity with the ratified budget of the Union Central Council.

Meetings of the Council Presidium shall be called by the Chairman of the Union as necessary, but no less frequently than four times a year.

The presidium of the Central Council and the administrative staff organization of the Central Council shall be located in the city of Moscow.

11. The chairman of the Union:

- shall exercise general leadership of the Union and shall represent the Union in relations with government authorities and administrative agencies, this country's public organizations and in international relations, shall sign documents and perform other duties proceeding from the Bylaws.

12. The Union's Audit Commission:

- shall monitor observance of the Union's Bylaws and decisions of the congress and Central Council plenums;
- shall verify correctness of execution of the budget of the Union Central Council as well as the operations and financial activities of enterprises, associations and organizations operating under the Central Council.

The Audit Commission shall be guided in its activities by these Bylaws and by the Statute on the Audit Commission.

IV. Assets and Finances of the USSR Peasant Union

13. The Union shall possess assets and funds, including hard currency, required for accomplishment of the goals and tasks specified by the Bylaws.

Initial membership fees in the amount of one ruble and annual membership dues paid by Union members in the amount of five rubles, 50 percent of which shall remain at the disposal of the local unions, deductions from the profit of enterprises, associations and organizations operating under the auspices of the Union, in amounts determined by the Union Central Council, income from publishing activities, other deductions and income received by the Union in the prescribed manner shall constitute the source of establishment of assets and of finances. The Union shall accept voluntary contributions by individual citizens, enterprises and organizations for the purpose of establishing charity funds and for other charitable or philanthropic purposes.

Expenditures for arranging for and holding Union congresses, conferences, Central Council plenums, meetings of the Council Presidium, for operation of the committees, for maintaining the administrative staff, as well as expenditures connected with international cooperation and other activities shall be determined by the Union Central Council.

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POLICY, ORGANIZATION

Ministry of Trade Approves Commercial Prices For Luxury Goods

904D0113A Moscow IZVESTIYA in Russian 30 Apr 90
Morning Edition p 3

[Article by V. Tolstov: "The Commercial Store and Its Prices"]

[Text] The USSR Ministry of Trade approved the procedure for selling goods according to commercial prices on 28 April.

Conversations occurred long ago about the opening of commercial stores where especially fashionable and imported goods would be sold at higher prices. During recent days, this problem has become the subject of a general discussion since copies of a certain document entitled "List of Goods for Sale in Commercial Stores" has fallen into our hands. It contains the names of 23 food items, among which are coffee, caviar, crab, cured sturgeon fillets, smoked sausages, cognac, and other delicacies, and 22 scarce industrial goods, including clothing and footwear. The coefficient for increasing the prices of these items, in accordance with which the listed scarce items should allegedly become severalfold more expensive, was also indicated.

The document turned out to be a fake. K. Terekh, USSR minister of trade, expressed the opinion that it is being disseminated by extremists who are interested in destabilizing society. Possibly this is so; however, I think that the reason still lies in everyone's troubled expectations of the coming changes in the economy, especially price reforms. Moreover, reliable information on what is being contemplated, is lacking.

Concerning the commercial stores, generally speaking, no food items will be sold in them. This is forbidden. That is why all the talk about a 100-gram can of caviar costing 20 rubles in them and a stick of sausage—30, has no foundation.

The trading in children's goods and domestically produced items that are in mass demand is also forbidden in commercial stores. They have in mind televisions, refrigerators and washing machines.

What then remains? As the minister's order said, trade in the special commercial stores will primarily consist of luxury items, especially fashionable prestigious goods—both domestic and those purchased through imports—and imported alcoholic beverages and tobacco items. Under luxury items, one must primarily understand jewelry items and items made from valuable metals.

Only commodity groups will be designated in this manner but union republic councils of ministers, autonomous republic councils of ministers, krayispolkoms,

oblispolkoms, and gorispolkoms will determine their specific variety in conjunction with appropriate trade union bodies.

The most ticklish question is pricing. Commissions, which are especially being established in local authority bodies, will determine prices. The commissions should include representatives of trade union organizations in addition to trade, pricing and financial agency specialists. It is stipulated that the prices in commercial stores, which operate on the territory of one city, oblast and kray, should be identical. Those goods, which arrive in a commercial store, cannot be sold in other stores.

A special marking is being provided—the "K" index—according to which the buyer will be able to convince himself that the item is intended for commercial sale.

How many commercial stores will be opened and where? Local authorities are also answering this question. One can assume that the number of stores will be limited by commodity resources and that it will not be too large. On the other hand, however, the local soviets have an incentive to expand commercial trade, since a considerable percentage of its profit will go to their budget.

Lithuanian Consumer Market Examined

904D0116A Moscow SOVETSKAYA TORGOVLYA
in Russian 28 Apr 90 p 2

[Article by correspondent I. Konyayeva, from LiSSR: "The Beggar Destroys His Own Purse": Notes on Present Conditions in Lithuanian Consumer Trade"]

[Text] "We do not support the ongoing battle of ambitions," said one of the republic's leading specialists in consumer trade about the situation in Lithuania, asking us not to mention his name in the article. "We must seek a political solution to the situation. Today, Lithuania totally depends on the USSR and on other republics. Only an irresponsible person does not want to see this."

True, few people in the republic are bold enough to express their view on the situation so firmly. A consumer trade employee quipped that the conflict would not have been allowed to go this far had the republic been run by merchants. Unfortunately, we must recognize that economics does not rule politics today but has to adapt to it instead.

Lithuanian consumer trade employees joke that in the past people came to their republic to learn about trade, whereas now it is more appropriate to speak of new ways of rationing.

At the "Merkuriyus" department store in Kaunas, a new department has opened selling deficit goods which the ispolkom distributes to enterprises. Its sales clerks use lists stating who gets an imported suit and who a pair of trousers. The same system is used to distribute furniture and other durable goods.

Another form of rationing is selling goods exclusively to residents. This primarily covers food products: in Lithuania, food supplies are better than in neighboring regions. Meat, sausage and cheese are almost always available in stores. Local residents buy what they need while visitors' consumption is limited, even though they are assured a minimum ration. The latest news in consumer trade is that starting in April alcoholic beverages will be sold for coupons. In the Lithuanian retail system, coupons may be exchanged not only for vodka but for champagne, too. If a family does not want alcoholic beverages, they can use their coupons to buy deficit goods such as imported canned compotes, juices, candy or coffee. Retail trade employees think that this would reduce the black market for coupons. Unsold liquor will go to commercial stores, where goods will be sold with a special surcharge, with proceeds going to social programs in the region.

The distribution system in Lithuanian cities thus guarantees a certain minimum of goods for every resident. The situation is complicated by the fact that the protracted conflict between Vilnius and Moscow creates an additional imbalance in demand, which, since it cannot be satisfied in the republic itself, spills like a wave over its borders and hurts consumer markets in neighboring regions.

When in the late 1970s food supplies in Latvia deteriorated sharply, cars with Latvian licence plates began to appear more and more frequently in the cities of neighboring Lithuania. Now, Lithuanians have become frequent visitors in Riga stores.

"I have seen many such ads in the city classified advertisement paper: 'Wanted: furniture, all kinds, original packaging,' with a Lithuanian telephone number and address," said A. Karpenko, director of the Riga House of Furniture. "Lithuania is the largest producer of furniture and supplier of our store. So, I would not claim that Riga is supplied with furniture better. We are talking about panic buying after the troubles around Lithuania began. Lithuania residents often come directly to my office and beg me to sell them furniture, because they want to invest their money quickly and efficiently before the republic introduces its own currency. But our store sells furniture only to Riga residents. Therefore, visiting shoppers get what they want by different means, buying furniture from Riga residents. This has sharply pushed up black market prices."

And not only for furniture, either. A. Bobaren, deputy director of the BKHS [Combat Against Theft of Socialist Property] department of the Riga city ispolkom internal affairs administration, estimated that in recent months black market prices in the republic have doubled, on average. He also linked this trend to the Lithuanian crisis.

"On the old air field which now houses the flea market," said A. Bobaren, "some 10,000 cars converge every weekend, of which a full half have Lithuanian tags. Some

of these visitors swell the ranks of speculators. In recent months, we have had a veritable explosion of speculation in the republic, thanks to the increased number of visiting 'merchants' who now make up approximately one half of black market dealers. They bring automobile spare parts, thermoses, coffee, condoms and food and try to invest their profits in durables. Incidentally, very few of the speculators we have arrested are consumer trade employees. I think that the reason why speculators flock here is that the market in Lithuania has shrunk, thanks to the reduction in the number of visitors following events in that republic and, of course, due to rationing."

Unfortunately, I think that the Polish example has played a role here, too. Free travel between Poland and Lithuania, according to data from the republic Ministry of Trade, resulted in an outflow of half a billion rubles' worth of goods from the republic. Thanks to price differentials, the republic has been periodically hit by bouts of panic buying.

Well, rationing and rising speculation are typical traits of a consumer market in crisis. In this situation, room for commercial maneuver in trade is crimped. Yes, according to R. Kazbaras, the republic's first deputy minister of trade, it may be found even in this situation. He told us how the republic catering service made hundreds of thousands of rubles during the recent Easter holidays by nontraditional means. It needed only paint and eggs. Bright paint—no housewife could compete with it—was purchased in Poland, where it is relatively cheap. Before Easter, public catering employees spent days boiling and painting eggs. Beautiful Easter eggs went on sale for 25-to-30 kopeks a piece. Demand was huge and the public catering service earned more profit than ever before in holiday trade.

Even under current adverse conditions, Lithuanian trade is trying to stay in shape. The crisis situation will end some day, they say.

Well, efficiency and professionalism have always been typical of Lithuanian retail trade. This is why, I think, the republic Ministry of Trade is rather sensitive to thoughtless attempts both from above and from below to break up the existing system of management in the industry. It has already gone through considerable modifications. The first clear signs of change were the unprecedented resignation of Likhtinshtayn, director of the Klaypeda trade administration, calls frequently heard in some local soviets to abolish trade administrations and the appointment as minister of a man with much managerial experience but not a trade professional—something that was atypical for Lithuania.

"We stand at the threshold of major changes," I was told at the republic Ministry of Trade before I left. What are they going to be? We have no answer to this yet. But, clearly, the economic sanctions and the destruction of existing economic links will set the Lithuanian economy

back and hurt considerably other republics. As one of my Vilnius acquaintances put it, "The beggar is destroying his own purse."

FOOD PROCESSING, DISTRIBUTION

Republics Engaged in Inter-Republic Trade 'Shipping Wars'

904D0159A Moscow PRAVITELSTVENNYY VESTNIK in Russian No 13, Mar 90 p 8

[Interview with USSR Council of Ministers Commission on Food and Purchases First Deputy Chairman Mikhail Lukich Timoshishin by an unidentified PRAVITELSTVENNYY VESTNIK correspondent: "USSR Council of Ministers Resolution, Moscow, the Kremlin: Hot Bread"]

[Text] The USSR Council of Ministers recently adopted a resolution "On Insuring the Unimpeded Supply of Grain Products to the Population." USSR Council of Ministers Commission on Food and Purchases First Deputy Chairman M.L. Timoshishin comments on this document in a conversation with our correspondent.

[PRAVITELSTVENNYY VESTNIK] Mikhail Lukich, why has the government addressed this issue?

[Timoshishin] Bread was and remains product number one. A state grain, flour, and groats fund has been established to satisfy the country's demand for grain products.

The grain product supply system that has developed and proven itself over many years of experience considers not only the need to resolve statewide tasks but also a large variety of natural and climactic conditions. Really in some regions we do not obtain grain that is of a suitable quality for baking bread. There is one way out—inter-regional grain resources redistribution. Groats and flour-milling industry production capacity is also unequally distributed. For this reason, we need to ship flour on a monthly basis to the republics of Central Asia and the Transcaucasus and we deliver groats practically to the majority of the country's rayons.

However, now some government and economic organs have begun to manifest parochialism and are refusing to ship grain, flour, and groats to consumer regions under various pretexts. For this reason, supplies of grain products have at times fallen to critical levels in a number of cities and other populated areas of the Uzbek, Azerbaijan, and Turkmen SSR's.

[PRAVITELSTVENNYY VESTNIK] Why have these situations become possible? Do grain products at republic-subordinated enterprises really not belong to the state now?

[Timoshishin] No, all state resources of grain products are state property. Despite the location where they are stored—at wheat storage or grain processing enterprises

or at consumer warehouses—their expenditure can be conducted only in the prescribed manner. The orders of the USSR Council of Ministers Commission on Food and Purchases are binding for all organizations (despite their departmental affiliation) and are subject to immediate execution.

[PRAVITELSTVENNYY VESTNIK] Just where was a lack of discipline manifested in this important matter?

[Timoshishin] First of all at a number of Russian Federation, Ukrainian, and Kazakhstan enterprises.

The ministries of grain products of these union republics and their associations and enterprises undershipped 960,000 tons of grain and 115,000 tons of high-quality flour to consumers during the fourth quarter of last year and during January and February of this year. Naturally, supplying grain products has become complicated in the republics to which these shipments were addressed.

The task was assigned to ship flour to supply the population of the republics of Central Asia and the Transcaucasus during the first quarter of this year from: the RSFSR—206,000 tons; Ukrainian SSR—136,000; and, Kazakh SSR—100,000 tons. Thus far the RSFSR has agreed to ship 62,000 tons; the Ukrainian SSR—119,000; and Kazakh SSR—38,000 tons.

Railroad workers frequently sum up the totals. Thus, during the first ten days of March with total fulfillment of the flour shipment plan on all railroads reaching 103 percent, only 92 percent of inter-republic shipments were fulfilled. Why? Some railroads are providing rail cars on an irregular basis.

[PRAVITELSTVENNYY VESTNIK] Just what steps are needed to increase grain and grain products delivery discipline?

[Timoshishin] Through its resolution, the USSR Council of Ministers has bound the union republic councils of ministers to place the operations of grain processing enterprises under special monitoring and to insure production of flour, groats, and macaroni products in the required volumes and assortments. It is particularly important to precisely comply with shipment schedules at all stages of grain turnover under conditions when many rayons are constantly directly supplied with grain products, as they say, right off the truck, including with grain that arrives from maritime ports through imports. And everyone connected with this important work must insure timely production of flour, groats, and macaroni products and their unimpeded and timely delivery to the consumer.

[PRAVITELSTVENNYY VESTNIK] Right now complaints are being increasingly heard about poor nutrition product supply levels. And obviously we need to agree with this. But how are things with the supply of bakery products?

[Timoshishin] During the last two decades, we have seen a steady trend toward reduction of the share of grain

products in people's diets. However, it is still great in comparison with other developed countries. In 1989, per capita consumption of grain products (in terms of flour) totaled 131 kilograms on average throughout the country under an AMN [Academy of Medical Sciences] USSR Nutrition Institute recommended standard of 115.

Flour and groats orders increased during the second half of last year and the first quarter of this year. There is no basis to assume that the demand for grain products will decrease by the end of the year. Therefore, we need to accelerate introduction of groats milling enterprises that are under construction and mastery of the capacity that has been introduced to totally satisfy flour and groats consumers in accordance with the resources allocated.

GOODS PRODUCTION, DISTRIBUTION

Footwear Shortages Examined

904D0120A Moscow IZVESTIYA in Russian 16 Apr 90
Morning Edition p 2

[Article by A. Protsenko: "Commerce Review: Footwear Department"]

[Text] Shoe repairmen complain that they have been flooded by old shoes. Consumers now bring all sorts of trash found in trunks and cellars to be fixed. Otherwise, they have nothing to wear. Trade employees complain that they have nothing to sell. No more than three quarters of orders for shoes are filled by the industry. Whatever gets to the stores is sold out instantly. Even goods that consumers spurned only a short while ago are purchased: in 1985, the consumer trade network had R281 million worth of unsold and unfashionable shoes; by 1989, the backlog shrank to R97 million, of which R72 million was in the consumer cooperative system, i.e., in the forgotten, out-of-the-way, tiny country stores.

It is a major shortage.

We have been fighting it for many years. Four years ago, 788 million pairs of shoes were made in the country, or 2.8 pairs per person. The shelves were groaning, but lines formed quickly whenever children's shoes or boots or fashionable, especially imported, adult footwear appeared. The USSR Council of Ministers resolution passed in 1985 required light industry to rectify the situation and to eliminate distortions: while raising overall production by 1990, the industry had to raise the production of children's footwear to 343 million pairs, of fashionable footwear for adults to 140 million pairs, and of recreational and sports footwear to 56 million pairs. Two other government resolutions followed: on the technological retooling of the industry and on raising consumer goods production, each containing new, higher targets. As a result, 844 million pairs of shoes should be manufactured this year in this country.

But only 818 million pairs will be made, if the industry delivers on all the contracts it has signed with consumer trade entities. It is safe to say that government targets will not be met.

Another figure that I will cite will not make consumers happy: this year, there is less hope for imports. While last year 139 million pairs were imported, this year, only 120 million pairs are expected.

But note the following fact: consumer trade estimates that 3.28 pairs per capita were sold last year, considerably more than four years ago. Yet, the situation has worsened. Why?

The explanation lies in the good intentions of the planning entities. As they tried to somehow regulate the consumer market and to respond to complaints from parents, the planners used command management methods and a dash of economic incentives to rein in footwear enterprises and to set higher children's footwear production targets. Raw materials were provided on a priority basis and those who controlled finances found ways to stimulate the production of the socially important good.

The result surpassed all expectations. Some 21 million pairs of children's footwear were produced above plan in 1986, 31 million pairs the following year and 33 million pairs a year later. Last year, 39 million pairs of above-plan children's shoes were shipped to stores. It was time to celebrate victory.

But simultaneously and at the same rate, the production of fashionable adult footwear plummeted: in 1986, consumer trade fell short by 31 million pairs, then by 41 million pairs, then by 39 million pairs and, finally, by 44 million pairs last year. Over four years, the shortfall totaled 155 million pairs and last year, instead of the 131 million pairs that had been planned, stores got only 87 million.

One of the reasons for this was that there were no inputs left over for adult feet: currently, 64 percent of the total box-calf leather available in the country is used in children's footwear production, even though only 60 percent of the overall target for box-calf shoes has been achieved. The second cause is the fact that the intended program for the technological retooling of the industry was not carried out: the government fell short of hard currency. The three "turn-key" footwear plants built by the Italians in Moscow, Kaluga and Tolyatti will reach full capacity this year, but all together they can produce but six million pairs a year, which is a drop in the ocean. Two existing joint ventures, "Lenvest" and "Belvest", will make a little over 11 million pairs, and this will not save the day either.

So, on the one hand, we will want to continue to increase footwear production. And what on the other?

How much footwear do we need? Specialists think that for the situation to normalize the consumer market will

have to get 4.25 pairs per person per year. But even today, with a little over three pairs for every two feet, our country makes three times as much footwear as the U.S. and Japan, twice as much as the FRG and a little more than France. Not just in volume or overall, but per capita. Moreover, there are comparatively few countries in the world specializing in producing shoes for export. The most notable ones are Italy, with eight pairs per capita, and Czechoslovakia, with 7.3. Even if we assume that they export their output only to the U.S. and Japan and add the footwear manufactured in those four countries together and divide the total by the total number of their inhabitants, the result will be discouraging: every Czech-Japanese-American-Italian will get just two pairs per annum.

It is clear that these calculations are imprecise and do not take into account the remaining market or shoe producers in South America, Southeast Asia and other parts of the world. Plastic, rubber and some fabric shoes are excluded, as they are in our country's data, too. Yet, does it not seem that by developing the footwear industry in a planned and determined manner and by sinking into it millions and billions in hard currency, we will not only soon conquer the shortage but achieve overproduction and surfeit? After all, the current footwear shortage is somewhat artificial, since it in part stems from panic buying and the effectively existing system of total rationing, thanks to which the population snaps up everything it can lay its hands on, regardless of actual need.

Next year, the country is set to shift to market economy, and let us hope it will. In this situation, many light industry enterprises will probably become collective property, based either on share or cooperative ownership. Perhaps it already makes sense building or opening new enterprises based on the new principles? They would be more sensitive to the market and, if need be, could make a transition with a minimum of losses.

It is also likely that such enterprises will produce fewer defective goods. Today, the awful quality of footwear forces consumers to buy everything in sight for future use. For instance, of the shoes that Georgia delivered to other republics last year, consumer trade wrote off 30 percent of inspected wares as defective; for shoes manufactured in Azerbaijan, the figure was 34 percent and in Armenia 24.6 percent.

PERSONAL INCOME, SAVINGS

Plight of Elderly Discussed

904D0119A Moscow *EKONOMIKA I ZHIZN*
in Russian No 18, Apr 90 p 14

[Article by economist I. Kirillov under the rubric "Social Justice—How We Understand It": "Retirees at Work and Home"]

[Text] *People have been dreaming of lengthening their lives since time immemorial. And the dream is coming true in the 20th century. Lifespans are increasing in all of the industrially developed countries. And since birth rates are, as a rule, dropping at the same time, the population is aging steadily. This is a global problem, in the opinion of a broad circle of scholars from various countries*

We are growing older as well. The first signs appeared after World War II. The younger generation predominated in the structure of the population before the 1940s. The share of individuals of retirement age almost doubled in the fifty years that followed, however, and totaled 17.1 percent of the overall population in 1989. The number of people older than able-bodied working age increased 21 percent in the 1980s, while the whole population grew by only nine percent. The number of age-related retirements will reach 51 million by the end of 1990.

The structure of the population is not identical in various parts of the country. The share of middle-aged people is especially large (19-21 percent) in the RSFSR, Belorussia, the Baltics and the Ukraine. The population is younger in the republics of Central Asia, and age-related retirements there comprise just 8-10 percent.

Women live an average of nine years longer. One cannot fail to recall the call of a well-known Soviet demographer to "Look after the men!"

It should be noted that people become pensioners not only for age reasons, but also in the event of the loss of a breadwinner. A child or a young person may thus also be a pensioner. Childhood invalids or those that became invalids in their able-bodied years are another category of pensioner. Some 6.5 million people are receiving pensions for disabilities, and 5.7 million due to the loss of the breadwinner.

The rise in the number of pensioners signifies that the able-bodied population should work more intensively; otherwise, we will be unable to provide the proper standard of living for our invalids and elderly. It need not be elaborated that it is more difficult for them to bear today's economic difficulties than for other members of society.

The spending on benefits payments is rising with the increase in the number of pensioners. The spending reached 55 billion rubles in 1988, 1.7 times the 1980 level. The share of national income for that spending increased from 7.2 to 8.8 percent, and from 28 to 32 percent of the social consumption funds. The size of the benefits, as is well known, has gone up, including the minimum ones. They are not keeping up with price rises nonetheless.

The correlation of the average size of the pension and the average monthly wage has changed markedly in recent years.

The average monthly wage for manual and office workers in 1956 was 72 rubles, while the maximum pension for that category of workers was 120 rubles, i.e., 1.6 times greater. (It is another matter that there were quite few such highly paid pensioners at the time.) The largest pension in 1988 was 132 rubles, which is 45 percent less than the average monthly wage (220 rubles).

| | 1988 |
|--|------|
| Manual and office workers | |
| Average monthly wages (rubles) | 217 |
| Average size of pension (rubles) | 86.3 |
| Ratio of average size of pension and average monthly wages (percent) | 40 |

| | |
|--|------|
| Kolkhoz workers | |
| Average wages (rubles) | 178 |
| Average size of pension (rubles) | 54.3 |
| Ratio of average size of pension and average monthly wages (percent) | 30.5 |

And half of the pensioners, after all, are on benefits exclusively. The average per-capita aggregate income for pensioners among manual and office workers is one and a half times less than those working, and for pensioners from among kolkhoz workers they are seven percent less. Here is what the aggregate income of the families of pensioners with no one working looks like:

| | Families in which pensioner works with retention of pension, Moscow | Families in which pensioner does not work (less than 2 months a year) | |
|-------------------------------------|---|---|-----------------|
| | | Moscow | Country overall |
| All aggregate income (rubles/month) | 280 | 107 | 102 |
| including: | | | |
| —wages | 164 | 3 | 1 |
| —pensions | 91 | 94 | 76 |
| Spent on: | | | |
| —food | 94 | 56 | 56 |
| —non-food goods | 61 | 22 | 22 |
| —services | 32 | 19 | 12 |
| —savings | 39 | 3 | -0.6 |

Many labor veterans naturally are not rushing to take advantage of their right to a well-deserved rest and, having reached retirement age, are continuing to work.

There were 10 million age-related pensioners working among manual and office workers in 1988. The veterans comprise 4-6 percent of all workers in industry, agriculture, construction and transport. One out of ten workers is a pensioner in trade and public catering, as well as in most sectors of the non-productive sphere.

Some 13 percent of the working male pensioners are 70 years of age or more; 19 percent of the women are 65 and up. Many, in other words, are working as long as they have the strength. But we ask ourselves sincerely whether our productive and non-productive spheres are capable of managing without the help of the veterans. Judging from the figures cited above, it is not. Thank you for your labor, veterans. One direction of state gerontological policy is privileges for working pensioners. More than 400,000 people, in particular, are working less than a full workday.

Some 35 percent of working pensioners are the same ones who have received the right to a well-deserved rest ahead of the generally accepted time frame.

The number of pensioners in this category is rising steadily, and moreover faster than the overall number of pensioners. There were 3.8 million of them in 1980, and 7.2 million as early as the beginning of 1989. Many experts feel that were have unjustifiably easy terms for receiving privileged pensions, the more so as they are designated "by tradition" in many instances. Sometimes the working conditions in a given sector of industry really were severe, but they were later brought to normal, while the privileged pensions were preserved as before.

This viewpoint, however, is far from shared by all. Its lack of acceptance both by individual workers and by high-ranking executives was detected in the course of debate on the draft USSR Pension Law. The latter have become accustomed to resolve personnel issues at the expense of pension benefits, without trying to improve working conditions. In short, we want to live better, but we are not striving to work longer.

But the day comes when a person parts with work anyway. This is reflected in the budget of his family. Here are data on the average per-capita income of pensioners:

| | Families* | |
|---|-----------|---------|
| | millions | percent |
| Total | 19.1 | 100 |
| including with average aggregate monthly income of: | | |
| —up to 50 rubles | 0.7 | 3.6 |
| —from 50 to 75 | 5.5 | 28.7 |
| —from 75 to 100 | 5.3 | 27.8 |
| —from 100 to 150 | 5.6 | 29.2 |
| —from 150 rubles and up | 2.0 | 10.7 |

*—Data cited according to families of retirees where there are no other family members.

According to research data on family budgets, among families with savings, 20-28 percent intend them for the maintenance of their current standard of living after retirement. About 40 percent of families have no such savings. And spending on medicine increases with age.

The new USSR Pension Law is aimed at raising the welfare of labor veterans.

It must be said that sociological research of 50,000 people 45 years of age or older conducted by statistical bodies showed that people basically support the new law. Three quarters of those polled approved the procedure for calculating benefits inherent in the law, two thirds the procedure for computing the basic size of the pension and four fifths the proposed supplements for each year of work beyond the necessary period of service.

The USSR Pension Law will require more than an additional 30 billion rubles. The state is proceeding with this spending despite the budget deficit.

But man does not live by bread alone. Some pensioners work "to the last," desiring to feel themselves useful to society and striving for maximum contact with a broad circle of people. It is bleak for solitary pensioners. The older they are, the harder it is for them to take care of themselves. It is no surprise that they strive to get into boarding homes.

State spending on the support of boarding homes increased by 30 percent over 1985-88 and totaled 765 million rubles by the beginning of 1989.

The supply of them, however, remained at the 1980 level—14 places per 10,000 residents. There are currently 80 invalids or elderly 65 and up laying claim to each place. (By way of comparison, the level of provision of places in these institutions is 42 in Czechoslovakia, 35 in Hungary and 17 in the United States.) There are 29,000 people in line for placement in these institutions in the bodies of social security alone. There are moreover roughly 70,000 patients with chronic psychic disorders that do not require intensive medical care who have been in psychiatric hospitals for a long time (over 10 years) due to the shortage of places in boarding homes.

The misfortune typical of the whole construction complex has befallen the boarding homes—the plans for their construction are systematically not fulfilled. Only 65 percent of the capital investments allocated for this purpose were spent in 1989. Funds for the construction of houses for the very old have been increased by 1.7 times over the last four years compared to the corresponding period of the 11th Five-Year Plan. But what is the sense of that? Turnovers for service grew by only 37 percent. The plans were fulfilled in Belorussia, Latvia and Uzbekistan, and by 183 percent in Lithuania. The funds were only roughly half spent in the remaining regions. Not a single new boarding home of this type was built in five of the union republics last year.

The living conditions in many of them are far from ideal as well—crowded, a low level of medical care (and it is impossible to get by without it), and the simple inattention of the personnel. There are still some, if not many, homes here without running water, central heating or sewerage.

The development of analogous care in the home is an alternative to these institutions. One out of five of those polled in the boarding homes would prefer to be at home if they were provided with the essential care and support.

So far, however, only about 3,000 social-care divisions have been organized here serving just 60 percent of those who need them. And after all, according to even the roughest estimates, it is cheaper to create social-care services than to build boarding homes.

The people say that old age is no joy. We are nonetheless obliged to be concerned that our retirees have as much joy as possible. A society is judged by its attitude toward the elders. And our elders are special, having borne on their shoulders the difficulties of the first five-year plans and the burden of the Great Patriotic War and having restored an economy destroyed by war. Let us not forget our debt to them.

MOTOR VEHICLES, HIGHWAYS

Motor Vehicle Transport Leaders View Future Development

904H0179A Moscow AVTOMOBILNYY TRANSPORT
in Russian No 3, Mar 90 pp 2-5

[Interview with RSFSR Ministry of Motor Transport Collegium chairman and members; date and place not given]

[Text] Expanding management's independence and raising its effectiveness in the branch's enterprises have required a radical restructuring in RSFSR Ministry of Motor Transport activity.

The ministry is now being transformed into a scientific-technical and planning-economic staff and is primarily concentrating its activities on the prospects for developing the branch.

In restructuring the work of the branch's enterprises and staff, RSFSR motor transport workers, having embarked on the new year of 1990, which is the concluding year of the 12th Five-Year Plan and the starting year for the branch's further development during the 13th Five-Year Plan, are linking their hopes with the fact that life and work will become better.

Considering these hopes, the editors of our magazine posed the following questions to the branch's staff: In your view, what avenues do you envisage for the development of the branch and what new avenues could enterprises and associations use for the widespread and active participation of collectives in improving its economics, the betterment of the social conditions in its workers' lives and the unconditional fulfillment of the main precept in the Law on a State Enterprise—our branch must satisfy in every way possible the social needs of the national economy and citizens for transport services?

The editors requested Minister Yu. S. Sukhin, RSFSR Ministry of Motor Transport Collegium chairman; and A. K. Vasilyev, V. B. Yefimov, Ye. D. Medvedev, A. S. Panteleyev, V. S. Andreyev, A. A. Suvorov, A. A. Shevchuk, G. M. Savtsov, S. K. Skulunov, K. M. Vlasov, G. P. Nikolayev, T. A. Tatishvili, N. M. Solodnikov, members of the ministry's Collegium, to express their personal position on this question briefly.

Today, we are publishing their views on the prospects for the branch's development.

Yu. S. Sukhin, RSFSR minister of motor transport

For the present and for the future, the main avenue in restructuring the branch remains the development of its economy. This is the decisive factor in fulfilling the branch's main task of satisfying the national economy's and population's transport needs in a timely and complete fashion.

To do this, it is necessary to increase the role and independence of associations and enterprises and raise their interest and responsibility in achieving the highest final results based on genuine cost accounting, cost recovery and self-financing and on making the income level of collectives directly dependent on their work efficiency.

We must insure the optimum combination of branch and territorial management of the economy and significantly improve the branch's social development, providing primarily for the housing construction program which the branch is, on the whole, realizing successfully during the 12th Five-Year Plan. Housing construction rates must be doubled during the 13th Five-Year Plan.

One must improve economic management levels at all levels in the branch and, at the same time, make all categories of workers—from the ordinary worker to the branch director—interested in working productively and qualitatively. One must see to it that everyone's income depends on the quality of his work results.

For the broad and active participation of all branch work collectives in the successful solution of its complicated restructuring processes, one must strengthen work and executive discipline daily.

It is important that the people themselves do everything well and it should not be necessary to monitor them, and expend assets on this because it is impossible to monitor in a timely fashion from above the quality in the performance of transport operations, maintenance of vehicles and their technical servicing or repairs, no matter what the monitoring agency.

Today, the most hopeful avenue for improving the branch's economy is accelerating the expansion of lease relations in its enterprises and in the organization of production as the most effective way to increase labor productivity within the next few years.

The time has already come when the work quality of motor vehicle enterprises and TBO [transport consumer societies] should be objectively evaluated in a new way—not by higher authorities or the ministry but by the user of transport, i.e., the transport market. Under these conditions, the ministry's mission is to regulate this market skillfully and to assist in stimulating the producer of transport to be efficient and not dictate to him or organize him. This avenue will encourage good work by our enterprises and introduce elements of healthy competition.

At the present time and especially in the future, competition in shipments by motor transport, which exists in the different branches of the national economy, will assist motor transport enterprises to carry out the main precept in the Law on a State Enterprise about satisfying the consumers' needs for transport services. Our branch, its enterprises and the prosperity of work collectives will also expand subject to the fullness of quality and the cost of this service.

The economy's restructuring processes and its realities have naturally caused a temporary slow down in the expansion of the country's industry. This is considerably complicating the work of motor transport. The peak of these difficulties during the 12th Five-Year Plan fell in 1990. That is why the promising avenue in the branch's development during the 13th Five-Year Plan depends to a decisive degree on our work during 1990 and on the overcoming of all the difficulties that have piled up during this year. It is necessary to accelerate production rates and improve the quality of motor vehicle, especially bus, repairs and also the production of spare parts by the branch's industry, including their production on a contract basis with the automotive industry, defense complex enterprises and all other enterprises where spare parts can be manufactured. This is required for extending the life of antiquated rolling stock until industry reaches the necessary rates in producing equipment for our branch and for the 100-percent fulfilling of contracts for transport.

The branch should remove the concern for shipping small lots of freight from its clients. An accelerated and broad expansion of the transport forwarding enterprise network and of the population's passenger services is necessary to do this. Within the republic, the ministry should fulfill the function of state management of the national economy's motor transport throughout its territory; develop programs on transport safety, the regulation of the transport market and the taxation of motor transport enterprises in the republic; issue licenses for commercial shipments including international ones, and for the transporting of passengers in the private automobiles of citizens; and develop an ecological program and a number of other programs connected with the work of motor transport on the Russian Federation's territory.

We must continuously prepare and submit for review by the RSFSR Supreme Soviet and the republic's government recommendations on legislation concerning motor transport and monitor the implementation of the laws that are adopted.

It is necessary to continuously, and in the future also, to expand and improve the training and qualifications of personnel at all levels and to promote professionally trained specialists, who are full of initiative, and independent people, who are incapable of compromise but who are capable of directing an enterprise at a modern level with an understanding of the situation existing under glasnost and democracy, to leading positions.

One must continuously instill in the collectives a sense of pride for the branch profession and mutual respect for the labor of each worker. One must tirelessly instill in our collectives interethnic friendship, high patriotism and a dedication to our union of socialist republics.

Only on this basis, can one realize our plans for restructuring and improve the branch's economy in order to raise its workers' standard of living—to provide them with food and housing and to solve the branch's entire

social program successfully. This is the main avenue and purpose of our restructuring—everything to improve a Soviet person's life.

A. K. Vasilyev, first deputy minister

Under the expanding economic and management independence based on the Law on a State Enterprise, high professional training, knowledge and the ability to use the rights, which this law grants, are needed to satisfy as much as possible the Russian Federation's requirements for national economic freight shipments and the population's requirements for passenger services.

Today, a high level of responsibility and discipline in carrying out the obligations that have been adopted is required in each worker. This primarily means raising the intensity level in using existing fixed capital and its active part—the automotive pool. Based on scientific and technical progress, one must raise the mechanization level of repair operations. We must provide integrated transport and forwarding services for contract customers in performing work and loading and unloading operations and free the client from concerns about transporting raw materials, materials and finished products. The guarantee of our successes lies in this.

The branch's task is to improve the mutual relations between motor transport enterprises and the ispolkoms of city soviets in servicing the population based on contract responsibilities.

We should learn how to raise the level of income, profit and the funds necessary to insure reproduction and improve the social and production conditions of each worker in the branch under the conditions of the new economic mechanism.

We need the ability to use all existing assets effectively to improve the quality of transport services on the basis of lease relationships, raise labor productivity, reduce material expenditures, and insure safe transport work.

Ye. D. Medvedev, deputy minister

Creative initiative and energetic actions—these are what should be placed at the base of the work of collectives and their directors. If this does not happen, any other favorable conditions, including economic ones, will have little effect.

In freight shipments and in the structure of income from them, we should stop bowing to the sole principle—the more and further a ton is transported, the better it is for us. It must be replaced with a different principle that is supported by economic incentives: Our prosperity lies in the complete and qualitative satisfaction of the client's needs.

This means that it is necessary to delve deeply into the economic interests of the freight owners and assume complete transport support, performing the attendant work connected with the loading, forwarding, unloading, and processing of small lots of freight; information

support; etc., without excluding the assumption of the functions of selling the finished products of the client being serviced.

Everything, which the freight owner needs, is everything useful and beneficial for us. This is our work slogan.

The new tariffs, which were introduced this year, encourage this avenue. The economic policy during the 13th Five-Year Plan will be shaped along these interests.

The strength of inertia is great. It is difficult to overcome it by yourself and shift from the simple to the complex; however, there is no other way for us.

A. S. Panteleyev, deputy minister,

The new factor in the work of enterprises providing transport and forwarding services to the population should be connected with an energetic build-up of the different types of services accompanying transport. Their percentage in overall income should significantly exceed the percentage of income from transport work.

In connection with the increased production of passenger cars, questions, which are connected with supplying motor transport maintenance and repair services to the population, are even sharper today. This is a multifaceted problem. It includes the production of scarce spare parts, the expansion of the service station network and the organization of its multishift work, the introduction of advanced technological processes and progressive experience, etc. The economic association, which is being established and which represents a contract union of enterprises for the purpose of coordinating production activity, intensifying specialization, expanding cooperation, and organizing joint production facilities by means of their participants pooling their financial and material resources to satisfy their own requirements or the production of products (operations, services) for sale to third parties, can help to solve these problems under today's conditions.

I would like to add to what has been said the fact that, in my opinion, everything that has been planned will not be realized if we do not create the required strict mechanism for implementing all this—this is the task of directors at all levels. If we do not resuscitate the required authority of a director and if we do not provide him the necessary conditions for his creativity, it will be difficult to cope with the assigned tasks.

The economy's turning toward the individual is the pivot for state policy and, in this connection, it is necessary to reorganize the work of all the branch's links in the appropriate manner.

The main thing is to subordinate it to the task of satisfying the population's needs for paid services as much as possible while increasing their quality.

In passenger services, this restructuring is linked with the transfer of enterprises to economic and contract relations with commercial operating services (gorispolkom

and branch) that provide urban and suburban services. The technical re-equipping of enterprise operating services and the active introduction of automated systems for monitoring and controlling the work of rolling stock during urban and suburban transport operations should be an important element in what is new in the work of passenger transport enterprises. One must look at the condition of the route network and at the questions connected with effectively regulating the operation of rolling stock on the lines in a new way. The work being conducted to concentrate ground urban passenger transport within the ministry's system will force this.

A. A. Suvorov, deputy minister and chief of the Foreign Economic Relations Main Administration

In accordance with the essence of the question posed, I would like to remind one that, during the restructuring processes in the country, including those in the area of foreign economic relations, the party and government are adopting decisions that substantially expand the rights and capabilities of branch enterprises, associations and organizations to establish direct ties and business cooperation with foreign partners.

One of the new forms of this cooperation has been the establishment of joint enterprises along various avenues of production and economic activity between interested parties. At the present time, more than 1,000 of these enterprises have already been established in the country and this process is continually growing because the interest of labor collectives in it is very high.

The fact is that joint enterprises permit the most urgent and painful questions: the search for additional sources to establish a production base and acquire imported equipment, component parts, materials, new technologies, etc., to be really solved on a basis that is mutually beneficial and acceptable to both parties. This form of cooperation also permits the solving of questions on improving the social aspects of the life of collectives working in joint enterprises (the acquiring of goods through earned hard currency assets, the building of cultural and welfare projects with foreign capital, the exchange of delegations with the foreign partner to arrange for the rest or trips of workers, etc.).

I think that this new avenue in the foreign economic activity of the ministry's enterprises and organizations will be expanded in the future and will provide the appropriate effect. The experience and work results of the first eight joint enterprises, which were established in 1989 with partners from the United States, the FRG, Luxembourg, and other countries, inspire confidence in this.

K. M. Vlasov, chief of the National Economy Transport Services Main Administration

The new conditions for the activity of collectives in the ministry's motor transport and transport forwarding enterprises, which restructuring has created, require new approaches and avenues.

The determining principle in the work of the labor collectives should be the complete satisfaction of the needs of the client being serviced. When doing this, it is necessary to free the freight dispatcher and consignee as much as possible from the functions connected with the preparation, handling and shipping of freight, regardless of the type of transport being used and its departmental subordination.

To do this, one must take upon oneself the performance of loading, unloading and packing work; accounting; information; and other operations.

It is necessary to keep in mind that the main increase in incomes and, consequently, the increase in funds for improving the social conditions of motor transport labor collectives and the expansion of the production base during 1990 and during the 13th Five-Year Plan should occur through the providing of transport and forwarding services.

An acceleration in the building of a production base for the preparation and handling of freight is required in order to fulfill this large task. A fundamental review of investment policy is required in each territorial association. The major amount of investments should be made in the construction of terminals and container areas and in the acquiring of loading and unloading devices and machinery.

With the continuing shortage in the delivery of new trucks, the main attention should be directed toward improving the use of existing rolling stock.

The management of motor vehicle shipments also requires a new level. One must organize the tracking of each freight shipment, mechanize the issuing and processing of transport documents, and plan and monitor the observance of vehicle movement schedules more accurately. This is possible only with the use of computers. One must primarily direct personal computers toward the establishment of automated work positions for freight shipments.

G. P. Nikolayev, chief of the Technical Re-equipping and Interbranch Relations Main Administration

The production technical service is gradually being transformed into a cost accounting regional complex that operates on a contract basis with transport forwarding enterprises. A service anti-waste system for the technical servicing and repair of motor transport rolling stock, which is based on a network of centralized specialized production facilities, is being established. In the future, they will be transformed into cost accounting centers for production commercial services, which will represent a services market, including centralized servicing, for motor transport enterprises regardless of their departmental subordination.

The change in the ideology of technical servicing and repairs, including the redistribution of labor input,

product list and amounts according to their types, predetermines the establishment of the service system. The technical effects will be based on data obtained as a result of diagnosing the technical condition of motor vehicles and the residual resources of the assemblies, units and items using built-in, bench and non-bench diagnostic equipment. This system for constructing a production technical service permits a twofold increase in the labor productivity of repair services and a savings of up to 20 percent in expenditures. The lowering of expenditures alone during the 13th Five-Year Plan is estimated at 220-250 million rubles.

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YelAZ-1121 Specifications Listed

904H0226A Moscow ZA RULEM in Russian No 11, Nov 89 p 4

[Article by ZA RULEM Science and Technology Department: "The YelAZ-1121 Technical Assignment Has Been Issued"]

[Text] What kind of motor vehicles and how many are they planning to manufacture at the plant now under construction in Yelabuga? We learn from official reports that "there will be mass production first of particularly small, economical passenger cars of the 'Oka' type." Namely the type, but not simply the "Oka." What is happening?

The giant automotive complex which is to become the YelAZ [Yelabuga Motor Vehicle Plant] is to make a vehicle suited well to mass production. The "Oka" does not meet these requirements. Output of just 50,000 units per year was planned at three plants—in Tolyatti, Naberezhnyye Chelny, and Serpukhov. For this reason, it is planned to put a model which differs somewhat from the VAZ-1111 on the production line at Yelabuga.

When the first section of the YelAZ begins operation, the YelAZ-1121 will be delivered for the consumer; although the vehicle was developed from the concepts for the VAZ-1111, they were applied under the technological conditions of a completely new plant.

A special session of the Scientific and Technical Council (NTS) of the USSR Ministry of Automotive and Agricultural Machine Building was devoted to a question many are concerned about—what models are to be made in Yelabuga. It reviewed the basic directions for developing a family of vehicles for the Yelabuga plant and the specifications for the vehicles which will be turned out by its production capacities in the first section. A decision was adopted here defining both the overall concept of the new vehicle and the main resources for its realization. This was an extremely important step, but a somewhat belated one, it seems. The concept for a family of vehicles designed to meet the widest demand which will determine the process for developing our automotive

industry over the next two five-year plans, and perhaps even longer, to a significant degree ought to have been polished up earlier.

Yes, it is not simple to make responsible decisions, especially taking into account the extremely short periods of time assigned to prepare the YelAZ for production. Just what did the ministry NTS decide, specifically? Two families of vehicles—the YelAZ-1121 and the YelAZ-1125—are to be put into production in the first and second sections of the plant in succession; the base model for the first one has three doors, and the second one has five doors.

A three-cylinder engine with a displacement of 820 cubic centimeters is planned for the YelAZ-1121. The vehicle is 3,200 millimeters long and 1,420 millimeters wide. Let us remind you that the VAZ-1111 has a two-cylinder engine (649 cubic centimeters, 30 horsepower) and the same dimensions.

As far as the YelAZ-1125 is concerned, both a three-cylinder power plant (820 cubic centimeters) and a four-cylinder engine (1,100 cubic centimeters) are being planned; the body will be 3,450 millimeters long and 1,550 millimeters wide. This family is closer to the ZAZ-1102 "Tavriya." Incidentally, many of our readers expressed the hope of seeing a Yelabuga economy car in the "Tavriya" class, not the "Oka" class.

Quite a few letters reaching the editorial staff from disabled war and labor veterans were prompted by the lack of information on whether the new plant will turn out modifications with hand controls. One of the points in the decision by the ministry NTS is of interest in this connection: the vehicles in both sections should be adaptable to reequipment for hand control. It is also planned to have modifications with fuel injection, multiple-valve cylinder heads, and four-wheel drive.

It is gratifying that a four-wheel drive modification is planned for both families. Undoubtedly this will attract the attention of rural residents who have a critical need for a mass-produced small vehicle with better cross-country capability. Perhaps later on the development of consumer demand will even induce them to give this modification the largest "circulation." It has not been ruled out that demand will give rise to a completely new model as well—a jeep in YelAZ-1121 or YelAZ-1125 assemblies. They are turning out these vehicles, such as the Suzuki "Jimmy," for example, in series overseas now.

The NTS directed the attention of the VAZ [Volga Motor Vehicle Plant] and YelAZ design collectives to the stricter standards for toxic emissions to be introduced in Europe in 1993, as well as to the high corrosion resistance of the bodies for the "1121" and "1125" families.

However, let us return to the YelAZ-1121 family. They are planning to equip it with a five-speed transmission, 12-inch wheels, and front-wheel drive. The exterior of vehicles in this family continue development of the

design concept incorporated in the "Oka"—the VAZ-1111. As far as the YelAZ-1125 is concerned, we are not prepared to say anything yet about its exterior appearance or its technical details.

Nevertheless, there are highway questions, if we can express it this way, and the decisions on them should be strictly implemented. This is to ensure the high technical level of passenger cars. It should not be inferior to the main operating and consumer features at the world level forecast for the 1995-2000 period. The VAZ scientific and technical center and the YelAZ Production Association, which are developing the designs for both families, have been given appropriate assignments so that these decisions are implemented.

YelAZ vehicles of both the first and second families should be manufactured with the least possible labor-intensiveness, and consequently, the lowest possible production cost, which will be achieved by advanced design and technological solutions, mainly the use of automated processes to assemble and manufacture parts, as well as the low metal consumption and maximum unitization of parts and assemblies between the two families.

The NTS decision that was adopted stipulates the steps to ensure that the first new vehicles are turned out in good time. As we know, this has been set for the 1991-1992 period.

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Motor Vehicle Production Highlighted

904H0226B Moscow ZA RULEM in Russian No 12,
Dec 89 p 1

[Article by ZA RULEM Science and Technology Department: "One Is Better Than Two"]

[Text] Readers' letters are like a river. With their rapids and unexpected whirlpools from the coinciding interests of hundreds and thousands of vehicle drivers. There is a whirlpool such as this now—the passions surrounding the engines for the "Moskviches" and the IZhes [vehicles made by the Izhevsk Motor Vehicle Plant].

"Is it true?", "Why is that?", "But when?", "Who decided?" "But if it were different?"—these are the questions from countless persons who cannot wait for a new car, and it must have a new engine. They know that the "Moskvich-2141" with a promising engine (ZA RULEM, No 3, 1988) and the IZh-2126 (No 5, 1985) will not make their appearance before 1991. But being guided by purely practical interests, they want to know what kind of power plant the IZh-2126 will have. And while this is a further modernization of the "412" engine turned out for 22 years, why not equip both models with the "Moskvich-21414" engine; a large production building is already under construction for it in Moscow and the equipment has been ordered.

Intellectual ferment is also developing among subordinates of the AZLK [Moscow Motor Vehicle Plant imeni Leninist Komsomol], the "Izhmash," and the UZAM [Ufa Automotive Engine Plant] (the engine supplier for Moscow and Izhevsk) for three different ministries. Perhaps the incompatible interests of the industrial Swan, Crawfish and Pike [reference to Krylov fable] is the reason for the vagueness and their silence. After all, the problem is that drivers are not finding answers to their questions in the age of glasnost and automatically rush to different rumors.

Let us look into this. The decision to organize their own engine production at the AZLK was made in 1986. Somewhat later a competition was announced for the design which was to be turned out there. The Ministry of the Automotive Industry technical council reviewed the designs proposed by the AZLK and VAZ [Volga Motor Vehicle Plant] collectives in March 1987.

While the VAZ relied on the proven solutions developed for the VAZ-2106 engines, their technological experience, and extensive standardization with a design already in production, the AZLK followed another path. Its specialists made use of new solutions, promising ones from their viewpoint, which involved a well-known engineering risk. For example, they abandoned water ducts in the cast iron block by shortening the length of the engine, reducing its weight, and increasing the rigidity of the block compared with the "412." They placed the combustion chamber in the piston, not in the head, and dared to use other solutions which had not been applied by the plant before in order to achieve good economy, low exhaust toxicity, and a low noise level.

It must be said that blocks with drained cylinders (that is, without water lines) have been seen more and more frequently in recent years in engines of 1,700 to 2,000 cubic centimeters. They include the new BMW M40, the Citroen (XU10), the Rover M16E, and a number of others. As far as the combustion chamber located on the bottom of a piston is concerned, it is characteristic of engines in the 1987-1989 period, such as the Citroen (XU10), the Audi DOXK50, the Volvo 440, the BMW M40, and the Lancia (Delta-Integrale).

By the spring of 1987, the AZLK had already built and begun testing new engines, but the competitive VAZ engine (we will call it that) existed only as a prototype model. For the technical council, all these circumstances tipped the balance in favor of the AZLK design, which has higher potential in its economic and power indicators.

The refinement and all kinds of testing on the AZLK engine for two years showed that it meets the requirements set for economy, the ecology, and noise. Moreover, a wide range of versions has been provided for, both in displacement (1,400, 1,700, 1,800 and 2,000 cubic centimeters) and power (80 to 120 horsepower), as well as the type of fuel used (gasoline or diesel), the number of valves per cylinder (two or four), and other

design details. A version has also been provided for the new Izhevsk vehicle in this family (1,400 cubic centimeters). Everything is perfect, it would seem... But the "Izhmash," which was forced to revise something when it was preparing production of the IZh-2126, and it is already 8 years old, decided to change to a completely different engine. It gave preference to the competitive VAZ engine, which is still crude and requires considerable refinement. The Izhevsk workers were able to persuade the management of the Ufa Automotive Engine Plant (UZAM) of the need to put precisely this engine into production. Let us remind you that the production capacity of the UZAM is over a half-million engines per year. It turns out that aside from the "Izhmash" (which needs about 200,000) and certain other enterprises, the AZLK will obtain them as well. But since the new engine building for the AZLK had not counted on the demand that developed lately for 100,000 more for pickups and vans which the AZLK had planned to manufacture in Sukhinichi and Krasnoarmeysk, they really had to look for a supplier for these additional engines. Standardization of the engines for the "Moskvich" and IZh vehicles was specified by the USSR Council of Ministers decree which provides for the organization engine production at the AZLK.

And then a solution apparently came to mind, it goes without saying. Why not put the "Moskvich-21414" engine, which is not a pig in the poke today, into production at the UZAM at the same time as the AZLK (while nothing major has been changed or built). Let the AZLK and the UZAM turn out engines of identical base design which will fully meet the demand not only by the AZLK and "Izhmash," but probably plants such as the RAF [expansion unknown] and the YerAZ [Yerevan Motor Vehicle Plant], enterprises which manufacture automatic loaders and fixed power plants. From the consumer, this step would have one unquestionable advantage—the engines and their parts would be standardized and the products list of spare parts would not be expanded. It is enough that the "Moskvich-2141's" are already being equipped with two different engines. So in the situation that has taken shape, is it necessary to sacrifice the queen to win a pawn, figuratively speaking? Just the opposite.

The workers at Izhevsk, and now those at Ufa, are assuming that the competitive VAZ engine is the best one to go into the engine compartment of the IZh-2126. Possibly. But the modification of the "Moskvich-21414," with an oil pan, oil pump, and other parts and assemblies that have been changed in conformity with the arrangement of the power plant in the Izhevsk vehicle, can be installed there just as accurately. The AZLK has provided for such a version, incidentally.

It looks as if technical problems are not determining which engine is to be used and where it is to be produced these days. Interdepartmental diplomacy is coming to the forefront here. Once our side adopts such a decision, it means it is correct, even if it is because our ministry is arranging it. And we justify it very persuasively if

necessary. Other viewpoints are unacceptable, even if they reflect the interests of the future owners of "Moskviches" and "IZhes."

Perhaps what we are discussing is a consequence of the lack of foresight, an inability or reluctance to rise above a problem and to see it from a national level, so to speak? But then the mechanism of organizations such as the USSR State Committee for Science and Technology, the USSR Gosplan, or some other "supreme judge" of our economic life should come into action.

It is already clear to the consumer that both engines cannot be put into production, even if they have equal advantages. We talk so much at various levels about the benefits of standardization, but in point of fact... We think that one engine is better than two under our actual economic conditions, and we see definite advantages to the AZLK engine.

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Lutsk Motor Vehicle Plant Detailed

904H0226C Moscow ZA RULEM in Russian No 8,
Aug 89 p 3

[Article by ZA RULEM special correspondent V. Arkusha: "In the Shadow of Giants"]

[Text] Lutsk—Renovation of the Lutsk Motor Vehicle Plant was begun in 1979. It was planned to increase the production of jeeps from 7,500 to 50,000 per year. Today, after ten years, they are turning out just 15,000. But they intend to turn out 25,000 (half the number planned at one time!)...in 1995! It is clear that the problem of an individual vehicle for the rural areas cannot be resolved with such a rate of development.

How critical it is can be judged from readers' letters, a selection of which was published a year ago ("The 'LuAZ' [Lutsk Motor Plant Vehicle] Through the Eyes of Owners," ZA RULEM No 7, 1988). Many letters put the question pointblank, as they say: will the output of work vehicles, helpers for the farmer, be sharply increased in the coming years? It will be easier to solve the food problem.

There is probably no exaggeration here if we are aware of the importance that is now being devoted to the development of individual farms, leasing brigades, and garden associations. But the effectiveness of their work depends directly on the quantity and quality of equipment, including motor vehicles, being used.

Those who have managed to evaluate the Lutsk jeep are convinced: with its good combination of qualities, a vehicle such as this can and should play a much greater role in the market than it does now. But the appropriate scale of production, first of all, and an updated model, secondly, are needed for this.

The source data are well-known to readers: let us repeat, 15,000 vehicles are being turned out, and their design has not been substantially changed in 20 years. Well, what are the prospects?

They should be based on a fundamentally new production volume, of course—at least 100,000 per year. This is the view of everyone I talked with during a visit to the plant: V. Melnichenko, director of the LuAZ [Lutsk Motor Vehicle Plant]; V. Deynyuk, his deputy for economic matters; and specialists from the planning and experimental design departments. Only then will it be possible to make use of advanced, highly productive equipment, drastically reduce the amount of manual labor, and increase product quality. These were the intentions in the renovation plan to turn out 50,000 vehicles, adopted in 1979. The main facility in the first section was a building of about 30,000 square meters for assembling and painting. True, the work was put "on the back burner": they built and turned over a little more than one-third of this in five years—11,000 square meters. Then the construction workers left—apparently to lay the foundation for another long-term construction project.

By making use of what they had managed to build and renovating the old shops, the plant workers were able to double the output of vehicles for several years. Well, what happened next? Under conditions of self-financing and without receiving centralized capital investments, the plant can be developed with the share of profit remaining after deductions for the budget. We have spoken more than once about the economic paradox in which an enterprise operating successfully has to deduct a larger and larger amount of what it earns each year. The LuAZ is no exception: the opportunities for self-financing in the current five-year plan are being cut back each year.

This situation compelled it to reexamine the preliminary plans for renovation and concentrate its efforts and resources on completing the construction begun back in 1979. They obtained an allocation of the limit for construction and installation work with considerable difficulty once again. People and cranes made their appearance on the foundation this year, and the construction project began to come alive. Without cherishing any illusions, the plant workers believe if they manage to complete the "new" building successfully, renovate the ones that exist, and meet the plan's increasing demand for heat, water, and power, it will be feasible to turn out 25,000 vehicles by 1995. The renovation will require bank credits, inasmuch as it will cost some 60 million. In order to develop the plant further, larger investments are needed, and a decision on them can only be made by the government.

As you see, the brief report on the LuAZ does not have the optimistic tone, vividness and scope which are typical of stories about the motor vehicle city in Tolyatti or the Kama installation. The modest repair plant of the postwar era, which became a machine building plant in

1959 and an automotive plant in 1967, was not intended to be a giant. They put unpretentious bodies on series chassis here—repair shops, shop vans, and refrigerated vehicles.

The technology was not complicated and most of the labor was manual. And it is unlikely that those who assigned the Lutsk plant in the mid-1960's to turn out "all-terrain vehicles" based on the "Zaporozhets" intended to win foreign markets: there were other, reliable candidates, it seemed at that time—the "Moskvich" and "Zhiguli." They were building shops and purchasing machine tools and production lines abroad for them. Then the 1970's came, but production at the LuAZ retained the modest appearance of the prewar period.

In 1975 they put the plant in the "AvtoZAZ" Association, and soon afterward the aforementioned plan for its renovation was developed. But it became clear a little later that it was not turning out to be an equal partnership with the ZAZ [Zaporozhye Motor Vehicle Plant]. All the thoughts and intentions in the association management and higher were concentrated on the ZAZ-1102 models. So much so that the updated LuAZ-1302 was not to be equipped with a liquid-cooled engine like the "Tavriya." Not only the "prospective" 50,000, but the "realistic" 25,000 LuAZ vehicles were either not taken into account at all or only partly taken into account in the plan for renovation of the Melitopol engine facility, so that more than 19,000 units are "not being promised" by the end of the next five-year plan, by 1995.

But after all, it was none other than N. A. Pugin, the minister of automotive and agricultural machine building, who said recently when he was familiarizing himself with the new models of the Lutsk vehicles: we need to make 100,000 of these! Yes, the LuAZ-1302 (a modernized "969M" with a "Tavriya" engine) is quite good; it passed acceptance tests, but, we repeat, production is being held up by the lack of engines. A variation of it, the LuAZ-13021, with a wheelbase extended by 200 millimeters and a truck bed, has also been developed. (We hope to provide details on it soon.)

However, the LuAZ-1302 is no more than a lifebuoy where the plant can hold out for five years: after all, the 20-year-old design is oriented toward primitive, obsolete technology. For this reason, they are devoting serious effort to the prospective LuAZ-1301 model. One model was built in 1988, and several others are undergoing tests.

Emphasis in the design was placed on advanced technical solutions which have not been approved here yet. The vehicle has a frame-and-panel body (a steel supporting structure with plastic panels on the outside), adjustable ground clearance (it is increased by forcing pressure into pneumatic suspension cylinders with an on-board electric compressor or by reducing it on a good road). Independent springs have replaced the torsion suspension, an interlocking center differential has been put into the transmission, and the four-wheel drive is

continuous, without disconnecting the rear axle. The roof and sides of the body's rear section are removable, of course, making it easy to turn into a pickup. A modification with a tarpaulin and a van are being planned. The frame-and-panel design facilitates the development and production of different versions, makes it possible to provide better rust protection for the frame, and there is no need to mention the durability of the plastic panels. The power plant is based on the MyeMZ-245 [presumably: Melitopol Engine Plant] and the "Tavriya."

The vehicle has ceased to bear a resemblance to a utility vehicle, it has not lost the best consumer features of its predecessors, and it is far superior to them in its economy, acceleration dynamics, stability, handling, and comfort.

"It's enough to convince us!" the impatient reader will exclaim. "It is a good, useful vehicle, and everyone realizes that a lot of them need to be built, so why the stop, what is the holdup?"

We could refer the reader to the beginning of the story, where the problems of financing and limits on capital investment were mentioned, for an answer. However, we think that that is more of a consequence than a cause. The consequences of expensive, extensive development of the economy in general, and automotive manufacturing in general, in which a truck has unquestioned priority over a passenger car, and the erection of a gigantic complex is preferred to the renovation of dozens of medium-sized enterprises and billions in expenditures are more expedient than millions. And to some extent, the consequence of a persistent striving to play again with foreign rivals on their field by developing a competitive passenger car. But our rivals know "the rules of the game" on level asphalt much better—they have been in training. And when our engineers, acting by their rules, developed vehicles capable of surprising the world with their durability and cross-country capability, their creation every now and then turned out to be unwanted. The "Moskvich-415" jeep went past the production line in museum silence and the LuAZ was left on the exotic periphery.

But now? It appears that everyone, from those at the bottom to those at the top, have been imbued with the noble slogans of perestroika: "Return the land to its owners," "Repay the debt to the countryside." It means to provide the peasant with modern equipment, to put his living conditions on a par with the conditions of urban residents, including their mobility. And here we decide to build a giant plant to turn out nearly a million vehicles, intended not for rural residents, but urban residents once again. Billions in expenditures are being planned, but the LuAZ director does not even dare to dream about them.

So the sun is rising over Yelabuga, but is the plant in Lutsk to continue vegetating in the shadow of the giants? Well what if the powerful energy now being concentrated

at the YelAZ [Yelabuga Motor Vehicle Plant] is shared with the workers at Lutsk? Or find another way out—but find it for certain!—so that the peasant breadwinner receives his long-awaited iron horse sooner.

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MARITIME AND RIVER FLEETS

Shipyard Activity Reported

904H0233A Leningrad SUDOSTROYENIYE
in Russian No 11, Nov 89 pp 39-41

[Report: "At the Shipyards"]

[Text]

Kherson Shipbuilding Production Association imeni 60th Anniversary of the Lenin Komsomol

The Kherson shipbuilders have a great deal of experience in international cooperation. The transition of the KhSPO to the new conditions of economic activity coincided with a certain revival of demand on the world tanker market. After quite a long break, caused mainly by the general drop in world shipbuilding, representatives of foreign shipping companies have again begun to make an appearance at Kherson—first the Norwegians, and then the Danish. Here, moored alongside the LASH ship Ernesto Che Guevara, which is being outfitted, is a tanker to transport petroleum and petroleum products—an export order. This year, foreign flags have been raised on two series-produced tankers. Since offers continue to arrive from purchasers from Norway, Denmark and Finland both for series-construction tankers and for "40,000ers," the KhSPO has decided to create the Khersonsудоимпекс foreign trade firm, which will be able to conclude commercial transactions directly. After all, the association can export ships for various purposes, floating docks, ship devices and equipment and other industrial goods of their own manufacture. At the same time, it proposes to obtain electronic computer equipment, goods in wide demand, etc. from abroad. The Khersonsудоимпекс firm will also serve other yards of the shipbuilding sector located in the south of the Ukraine.

Okean Shipyard

A new ship to transport bulk cargo, the Kristyan Palusalu (it originally bore the name Kaarel Ird on its side), left the yard's water basin in May for its underway trials. Kristyan Palusalu is famous for his outstanding athletic achievements: at the Olympic Games in Berlin in 1936 he won two types of wrestling at once—free and classic—which no one wrestler has yet succeeded in repeating. The new ore carrier has a displacement of 66,000 tons, was built for the Estonian Shipping Company, has a propeller adapter and flow-directing wings installed on it and has a more economical main engine, shaft generator

and new heat-recovery boiler. All of this makes it possible to save about 20% of the fuel, as compared with the original version. E. Roo, chairman of the acceptance commission of the Estonian Shipping Company, thanked the workers and engineering-technical personnel, on behalf of the commission and the crew of the Kristyan Palusalu, for their conscientious and high-quality work, through the high-circulation newspaper ZA DOBLESTNYY TRUD.

Gorkiy Branch of the TsNIITS [Central Scientific Research Institute of Shipbuilding Technology]

The specialists of the Gorkiy Branch of the TsNIITS, which marked its 25th Anniversary last year, are studying a broad range of problems related to shipbuilding and ship repair production. They include the technological support of construction, renovation and reequipment of the enterprises, developing and introducing advanced technology and labor norms, creating devices for technological outfitting (for sheet and shaped production blanks, centralized production of items on the hull-finishing products list, installation of pipelines and mechanisms, preparation and application of coatings), and organizing and carrying out mooring and acceptance-turnover tests of the ships, using simulators and information-measuring systems. Many of the developments were presented at the trade-fair exhibition, "Nauka-sudostroyeniye-89" [Science-Shipbuilding-89] at the USSR VDNKh [Exhibition of USSR National Economic Achievements]. Here are just a few examples: the MGK-3 contouring machine with two cutters, a device for group installation of the framing on flat panels, the station for thermal shock-free straightening of welded structures made of aluminum alloys, special tilters for sections and units, a portable laser scanner for the task of centering the lines and surfaces, the UzT-N and UzT-G remote-control ultrasonic leak-detectors, to detect a leaky condition of the hull structures, pipelines, etc., the portable all-purpose Plast device to apply highly viscous mastic, the Uzh-1 and Uzh-2 flexible socket wrenches with a tightening force up to 1 and up to 80 N/m, special automated stands to wash the hydraulic systems and the Poroplast machine tool to butt-weld porolon [soft polyurethane foam] sheets.

Krasnoye Sormovo Shipyard Production Association

The first flexible automated section in the association began operation in 1988. While at first, in the course of mastering the new equipment, 7-8 designated items were manufactured on it, six months later there were about 16. These are rollers, bushings, nipples and other "rotating parts" for ship outfitting, washing machines and agroindustrial equipment. At the same time, the production plan was always fulfilled, although not without difficulties. These are, particularly, frequent cases of the automatic equipment getting out of order, a shortage of spare parts, a lack of experienced electronic specialists, the repair service, industrial robot service and service for

other automated units, which are not yet working efficiently. These are the costs of new production. Nevertheless, it is planned to put the second section of the flexible automated unit fully into operation by the end of this year.

Feodosia Production Association imeni 26th CPSU Congress

High-quality groups began to spring up in the association in 1988, and by the middle of this year there were already 24 of them. One of the best of these groups is headed by technologist N.D. Goncharenko, a labor veteran. Under the conditions of cost accounting, conscientious work results not from increasing the number of official controllers, but from a personal interest in a good end result, and from updating equipment and technology. Worker controls begin with determining the "bottlenecks", eliminating the deviations from the blueprints that have taken root, and ascertaining the causes of rejects (including the objective ones due to obsolete equipment). After all, the workers themselves know perfectly well what prevents them from doing high-quality work. It would appear that the changes are slight—readjusting a tool-grinding machine, further development of an attachment, adjusting the guillotine shears—but all these are production reserves. Problems of improving the work and everyday conditions in the shops and of the production standards, without which the output of products meeting today's requirements is essentially impossible, are being posed and solved.

Vyborg Shipyard

This winter, the PPBU [floating semi-submersible drilling rig] Shelf-4, being operated in the Barents Sea, found itself in a complex situation. During a storm and ice shove, the floating drilling rig experienced many hours of continuous blows from huge ice floes up to 5 meters thick. When hummocking, the ice rose to the level of the main deck. As a result, the structures of the cross stays and columns were seriously damaged in a number of places. A brigade of yard ship-assemblers and welders was sent to Murmansk to remedy them. As is noted in the memorandum of M. Likhanov, sent to the yard newspaper TRUDOVAYA VAKHTA on behalf of the crew of the PPBU Shelf-4, it was only due to the high quality of the assembly and welding work done by the Vyborg shipbuilders that the structures of the unit were not cracked, which could have led to a tragedy. The crew of the PPBU Shelf-4 gave warm thanks to the workers of the Vyborg Shipyard for the high quality of hull work production.

Baltiyskiy Zavod Production Association

The joint building of the shallow-draft nuclear-powered icebreakers, the Taymyr and Vaygach, contributed to establishing close ties between the Baltiyskiy Zavod Production Association and the Finnish Wartsila Marine firm. A trade union delegation headed by Pekka Laytinen, deputy director of the firm, visited in May as guests

of the Baltiyskiy workers. Representatives of the trade unions of workers, engineering-technical personnel and employees visited the icebreaker Taymyr, a number of shops, the subsidiary facilities at Olshaniki, the Baltiyets pioneer camp, the yard museum, and the Palace of Culture imeni S. Ordzhonikidze. Negotiations were conducted on developing businesslike cooperation and friendly relations, reciprocal trips and exchange of delegations. During these days, Anti Vakheristo, editor-in-chief of the BALTIYSKIY ZAVOD, paid a visit. This is the newspaper of the trade union of metalworkers, which also includes Finnish shipbuilders.

Zaliv Shipyard imeni B.Ye. Butoma

How can a young worker adapt to the plant? To find this out, a poll of 350 persons was taken—machine tool workers, construction electricians, ship assemblers, fitters, welders, etc. The average age of those questioned was 23.8 years. A sociological analysis revealed a large number of people dissatisfied with labor and production organization (54%), prospects for improving living conditions (50%), and conditions and wages (44% each). Only 35% of the young workers indicated that the work that they did corresponded to the idea of it that they had before arriving at the yard. The young people know little about the perspectives for the development of the enterprise, the work plans of the shop and the section (6-40%). Almost every fourth person does not always fulfill the established norms for output, and the reasons they give for this are: obsolete equipment and instruments (36%), downtimes (22%) and lack of experience (15%). Just who helps the young people most often? The answers showed that they are the brigade leaders (42%), experienced workers (39%), work comrades (34%) and foremen (12%). On the whole, the results of the questionnaire indicate that work conditions for the young workers must be improved.

Yard imeni 61 Kommunar

"Vashe mneniye" [Your Opinion], a service to register workers' complaints and suggestions, has been in operation at the yard since 1983. The subject matter of the appeals is most varied. These are problems related to labor organization, sanitation-hygienic conditions and wages, the system of public catering, everyday life, operation of public transport, etc. The management of the shops and divisions should react efficiently to the complaints and suggestions of the yard workers: a five-day period has been established for this. When necessary, to solve problems that arise, the yard management also communicates with the city organizations. Also very important is the fact that those who call this service to a certain extent release the psychological tension arising from encountering the negative phenomena of our reality. The most topical problems and the answers to them are published in the yard newspaper KOMMUNAROVETS.

Dalzavod imeni 50th Anniversary of the USSR

This ship repair enterprise, the largest in the Far East, is located on the most beautiful bay of the Golden Horn. Protecting the bay from pollution is an extremely important task today. The yard has worked out promising measures for nature protection for the next 15 years. The state of the floating docks is constantly inspected before submersion, oil refuse collectors are in operation in the water basin, the sanitation laboratory monitors the parameters of the effluent, and the shop ventilation systems are being renovated. A test-industrial unit for thermophysical sewage purification was recently installed. To improve work on waste utilization, a full list of the wastes, including toxic, was compiled. Not all the measures being planned are being carried out in the slated periods, however. The basic directions for work in the sphere of nature conservation are introducing low-waste and waste-free technology, utilizing and processing wastes (when necessary—burying them in a special polygon) and adhering to the norms for the maximal permissible concentrations of hazardous substances in the wastes.

Sevastopol Marine Plant imeni S. Ordzhonikidze Production Association

The organization of labor, vocational training and productive labor and vocational orientation of the students are the basic directions of the work of the association's educational-course combine, with 13 sponsored schools. For this purpose, a special shop was organized, where several hundred students can learn work vocations and engage in productive work. Last year, for example, the students developed the output of 21 types of consumer goods items from production wastes. The students are also to be accepted to the shop in the holiday period. Discussions are held with the students on selecting a

vocation, they are familiarized with the work of the association's leading shops, and are invited to the "Best in Vocation" competitions and other plant practices. The amount of work fulfilled during the time devoted to productive labor is perhaps not large, but the very atmosphere of actual production, the opportunity to participate in the work of the largest enterprise in the city, and the participation in its affairs all undoubtedly give a student thinking about his future vocation much more than a mere summons to a machine tool.

Yaroslavl Shipyard

The many years of so-called sponsored assistance to agriculture under the conditions of cost accounting are gradually taking the shape of businesslike cooperation. The relations of the yard and the sponsored farms have been converted to a contractual basis since 1988. The farms pay at a rate of 10-16 rubles per man-day for drawing yard workers to agricultural work. It is not by chance, therefore, that this was immediately reduced by a factor of almost 1.5, as compared with 1987 (respectively 12,500 and 17,100 man-days). In concluding the contracts this year, a course was taken toward construction of necessary production capacities in the rural area, which, being put into operation, will make it possible to reduce and in general do away with the practice of drawing shipbuilders to agricultural work, and consequently, to eliminate the losses to the yard stemming from this. Among these objects are a grain-drying complex, a mechanized line for drying onions, a farm for 100 head of cattle and a mechanized workshop. Meanwhile the yard workers are engaged in the rural area in repairing equipment, planting and harvesting onions, preparing grass meal, etc.

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